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16 October 1985

## SOUTHEAST ASIA REPORT

### CONTENTS

#### AUSTRALIA

|  |    |
|--|----|
| Military Official on Inadequacy of Defense Force<br>(F. W. Barnes; PACIFIC DEFENCE REPORTER, Sep 85).....              | 1  |
| Beazley on Defense Restructure, Armed Forces Role<br>(Kim Beazley Interview; PACIFIC DEFENCE REPORTER,<br>Sep 85)..... | 4  |
| Article Criticizes U.S. Fishing Policy in South Pacific<br>(Geoffrey Barker; THE AGE, 23 Aug 85).....                  | 11 |
| Budget Impact on Farm Sector Analyzed<br>(Editorial; THE LAND, 22 Aug 85).....   | 16 |
| Canberra Announces Increased Antarctic Presence<br>(THE NEW ZEALAND HERALD, 10 Sep 85).....                            | 17 |

#### BURMA

|   |    |
|---|----|
| Norwegian Firm Builds Power Grid in Rangoon<br>(Kjell Wold, Richard Skretteberg; AFTENPOSTEN, 9 Sep 85).... | 18 |
|---|----|

#### INDONESIA

|   |    |
|---|----|
| Student Association Adopts Pancasila Over Islam<br>(Aly Fikri; ARABIA: THE ISLAMIC WORLD REVIEW, Aug 85)..... | 20 |
|---|----|

#### LAOS

|   |    |
|---|----|
| DPRK Leaders Greet Lao Counterparts<br>(Vientiane Domestic Service, 23 Sep 85)..... | 22 |
|---|----|

PASASON Editorial on Relations With USSR  
(Vientiane Domestic Service, 23 Sep 85)..... 23

Official Discusses Tin, Gypsum Mining Facilities  
(Vientiane Domestic Service, 23 Sep 85)..... 25

MALAYSIA

Mahathir Outlines Plans for Future  
(Mahathir bin Mohammad Interview; ARABIA: THE ISLAMIC  
WORLD REVIEW, Aug 85)..... 27

NEW CALEDONIA

Regional Elections Threatened by Renewed Tension  
(LE MONDE, 7 Sep 85)..... 33

Shooting Incident Leads to Political Unrest  
(Frederic Filloux; LE MONDE, 8-9 Sep 85)..... 35

NEW ZEALAND

Defense Expert: Anzac Security Link 'Inviolate'  
(THE NEW ZEALAND HERALD, 14 Sep 85)..... 37

Poll Findings Show ANZUS Approval, But Not for Nuclear Ships  
(Editorial; THE NEW ZEALAND HERALD, 11 Sep 85)..... 39

Daily Analyzes Results of CER Session  
(Editorial; THE PRESS, 11 Sep 85)..... 41

Live Sheep Export Opposed  
(Anne Byrnes; THE EVENING POST, 10 Sep 85)..... 43

Editorial Responds to EEC Official's Butter Warning  
(THE PRESS, 9 Sep 85)..... 45

Oil Source Could Provide 15 Percent of Domestic Need  
(THE NEW ZEALAND HERALD, 10 Sep 85)..... 47

Douglas: More Government Stock Sales, No Policy Change  
(THE NEW ZEALAND HERALD, 13 Sep 85)..... 48

Increased Rates for Government Stock Forecast  
(J. A. Helm; THE NEW ZEALAND HERALD, 13 Sep 85)..... 50

PHILIPPINES

Columnist Criticizes Pleas for U.S. Intervention  
(Miguel Bernard; PHILIPPINES SUNDAY EXPRESS, 22 Sep 85)..... 52

|   |    |
|---|----|
| Provincial Governor Urges Marcos To Reimpose Martial Law<br>(Antenor B. Parazo; BULLETIN TODAY, 11 Sep 85)..... | 54 |
| Commission Head Calls for Snap Elections Law<br>(PHILIPPINES DAILY EXPRESS, 11 Sep 85).....                     | 56 |
| Editorial Supports Decision Against Snap Election<br>(BULLETIN TODAY, 18 Sep 85).....                           | 57 |
| Official Proposes To Organize Militiamen Into Military Units<br>(PHILIPPINES SUNDAY EXPRESS, 15 Sep 85).....    | 58 |
| Army, NPA Clashes Displace Thousands in Zamboanga<br>(Tony Rimando; BULLETIN TODAY, 9 Sep 85).....              | 60 |
| Military Said Source of Cordilleras Epidemics<br>(ANG PAHAYAGANG MALAYA, 7 Aug 85).....                         | 62 |
| Daily Credits Marcos' Administration With Economic Recovery<br>(BULLETIN TODAY, 21 Sep 85).....                 | 64 |
| Private Analysis Says Marcos in Difficult Situation<br>(VERITAS, 8 Sep 85).....                                 | 66 |
| Columnist Notes U.S., IMF Pressure on Marcos<br>(Jesus Bigornia; BULLETIN TODAY, 16 Sep 85).....                | 68 |
| Government To Restructure Financial Institutions<br>(BULLETIN TODAY, 12 Sep 85).....                            | 70 |
| Interest Rate for Financial Package Said Reasonable<br>(BULLETIN TODAY, 24 Sep 85).....                         | 71 |
| Government Notes Decline in Number of Business Shutdowns<br>(BULLETIN TODAY, 16 Sep 85).....                    | 73 |
| Insolvent Firms' Debt Totals 11.9 Billion Pesos<br>(Raul Marcelo; PHILIPPINES DAILY EXPRESS, 24 Sep 85).....    | 74 |
| Negative Growth Predicted by Year's End<br>(BULLETIN TODAY, 16 Sep 85).....                                     | 76 |
| Virata Calls for Further Reduction in Population Growth<br>(BULLETIN TODAY, 21 Sep 85).....                     | 77 |
| <b>Briefs</b>   |    |
| 'Yellow Brigade' Propaganda Disavowed   | 78 |
| Clashes Leave 13 Dead   | 78 |
| Pesos for Rebel Rehabilitation  | 79 |
| Germ Warfare Rejected   | 79 |
| Mindanao NPA Encounters   | 79 |

|                                      |    |
|--------------------------------------|----|
| Debt Restructuring Talks in November | 80 |
| NPA Supporters Renounce Communism    | 80 |
| Manila Teachers Strike               | 80 |
| NPA Guerrillas Attack Rural Center   | 81 |
| End to Military Aid Urged            | 81 |
| Cotabato NPA Leader Captured         | 81 |
| Iloilo Troop Assignments             | 81 |
| First Lady Offers Mediation          | 82 |
| Oil Bill Increases                   | 82 |

#### THAILAND

|   |    |
|---|----|
| Paper Cites Thianchai Interview on Coup<br>(THE NATION, 22 Sep 85).....                       | 83 |
| Abortive Coup Said To Have Been Plotted Months Ago<br>(THE NATION, 24 Sep 85).....            | 85 |
| Police Say 39 Arrested, 10 Sought for Coup<br>(BANGKOK POST, 26 Sep 85).....                  | 87 |
| General on 'Smear Campaign' Against Officers<br>(BANGKOK POST, 26 Sep 85).....                | 88 |
| Athit Tells Officers To Quit Trading Firm<br>(Chuphong Maninoi; BANGKOK POST, 24 Sep 85)..... | 89 |
| 4th Cavalry Commander Moved to Inactive Post<br>(BANGKOK POST, 23 Sep 85).....                | 91 |
| <b>Briefs</b>   |    |
| Food Shortage for Refugees  | 92 |
| 'Psychological Warfare'   | 92 |

#### CAMBODIA

#### PEOPLE'S REPUBLIC OF KAMPUCHEA

|   |    |
|---|----|
| PRK Participation in Southeast Asia Games Mooted<br>(MATICHON, 8 Aug 85)..... | 93 |
|---|----|

#### VIETNAM

#### INTERNATIONAL RELATIONS, TRADE, AND FINANCE

|                            |    |
|----------------------------|----|
| <b>Briefs</b>              |    |
| Sympathy Message to Mexico | 94 |
| Greetings to YAR           | 94 |

|  |          |
|--|----------|
| Defense Minister Greets Hungary<br>PDRY Ambassador Presents Credentials  | 94<br>95 |
| <b>PARTY ACTIVITIES AND GOVERNMENT</b>   |          |
| Pham Hung, Others Attend Sports Meet 29 September<br>(VNA, 30 Sep 85) .....  | 96       |
| Truong Chinh Greets Children on Autumn Festival<br>(VNA, 28 Sep 85) .....  | 97       |
| State Delegation Inspects Flood Damage in North<br>(VNA, 26 Sep 85) .....  | 98       |
| <b>Briefs</b>  |          |
| Vo Nguyen Giap Attends Symposium   | 99       |
| <b>ECONOMIC PLANNING, TRADE, AND FINANCE</b>   |          |
| English Service Reports To Huu Article on Wages, Prices<br>(Hanoi International Service, 27 Sep 85) .....                            | 100      |
| Hai Phong VCP Resolution Changes Wage Payment Method<br>(HAI PHONG, 1 Jun 85) .....  | 102      |
| Mechanization Improvements Help Raise Food Output<br>(VNA, 26 Sep 85) .....  | 109      |
| <b>AGRICULTURE</b>   |          |
| High-Yield Rice, Intensive Farming Developed<br>(Vu Tuyen Hoang; VNA, 28 Sep 85) .....   | 110      |
| <b>Briefs</b>  |          |
| Rice Saved From Waterlogging   | 112      |
| <b>LIGHT INDUSTRY</b>  |          |
| Vung Tau/Con Dao Has Problems With Art Goods Production<br>(Thu Phong; TIEU CONG NGHIEP THU CONG NGHIEP, 19 Jul 85) ...              | 113      |
| Hanoi Must Use Students To Product Handicraft Goods<br>(Vu Van Chuyen, et al.; TIEU CONG NGHIEP THU CONG NGHIEP,<br>19 Jul 85) ..... | 116      |
| <b>TRANSPORTATION AND COMMUNICATIONS</b>   |          |
| <b>Briefs</b>  |          |
| SRV-CSSR Postal Accord   | 119      |

POPULATION, CUSTOMS, AND CULTURE

CPCVV Secretariat Calls for More Family Planning  
(VNA, 26 Sep 85) ..... 120

AUSTRALIA

MILITARY OFFICIAL ON INADEQUACY OF DEFENSE FORCE

Kunyung PACIFIC DEFENCE REPORTER in English Sep 85 pp 43-44

[Article by Air Vice-Marshal F.W. Barnes, former deputy chief of air staff:  
"Major Changes Needed in Defence Planning"]

[Text]

**I**N THE last Government Defence White Paper of 1976 the introductory statement included the following comment:

The first responsibility of Government is to provide the nation with security from armed attack and from the constraints of independent national decisions imposed by the threat of such attack.

That remains a valid if succinct statement on what Defence is about. The RSL added some equally valid points on this concept in 1983, saying that defence, in essence, is an extension of the will of the majority of the people to sustain, develop and further their way of life. It is an expression of their will to develop the national resources and, in accordance with the will of the majority, to use that resource in the defence of the nation. To give effect to the national will requires the marshalling in peace of the capability to use the assets of the nation should it come to war. National policy, clear and unequivocal, should constantly spell out the national will to defend its interests. Such a policy should be given voice by diplomacy, by the construction and maintenance of transport, roads, railway, airfields, truck fleets, ports, energy, by a sustainable and equitable way of life and finally, by efficient and well-equipped armed forces.

Those foregoing RSL views might appear to be simply stating the obvious, and yet they are not at present stated in any formal or public manner. If, however, the Government is persuaded to make such a statement, and to define more specifically what it requires of its Defence Force, the overriding factors to be considered are:

- The vast size of Australia.
- The low total population for the size of the country and, particularly, the sparsity of population in the north and north-west.
- The sparsity of communications, air-fields and general infrastructure in the north and north-west.
- The dependence on sea cargo for both export and import, as well as supply to some areas in the north.

Consequently, strategic defence planning for Australia must aim at avoidance of manpower intensive commitments — ie. a land battle — and set the highest priority for a long-range deterrence force with a secondary capacity for the destruction of any attacking force well-short of our shores, this force being kept invulnerable to destruction at home bases by a strong and viable air defence system. Essential to this primary force are suitable intelligence gathering systems, both airborne and ground-based, as well as mine clearance and sowing capabilities. This is the part of the Defence Force which must have an overriding priority.

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Integrating with ANZUS

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**A**NOTHER HIGHLY important aspect is to consider the capability of the elements of the Defence Force to integrate with our ANZUS partners. During the Vietnam conflict our Army, our helicopters, transport and, to some extent, our Canberra bombers were able to operate in conjunction with US forces, using their supplies and ammunition. However, there was never any possibility of

the Mirage force becoming involved; they were and are quite incompatible with American equipments, systems and weapons.

The deterrent force, if it is to achieve its purpose, must be demonstrably capable, in the eyes of skilled technical experts, of aggressive action against a would-be enemy in his own vital areas, with sufficient strength to show that any attempt at aggression would be met with attack resulting in an unacceptable cost. Such a force would consist, for Australia, of F111 strike aircraft supported by F/A-18 aircraft and aided both by tanker aircraft and airborne control platforms. Submarines and P3C aircraft also have a significant role to play in the deterrent force, including aggressive mining of suitable seas.

The second priority role is the capability to destroy at sea, and in the air, well away from our shores, any forces launched toward Australia. In addition to the elements also required for the deterrent role, this role calls for the Navy surface fleet, including its antisubmarine helicopters, and the use of both early-warning and control aircraft, and P3C Orions, for such roles as target location strike control and over-the-horizon designation of targets for weapons such as Harpoon.

Thirdly, there must be a force capable of dealing with an incursion should it successfully be established on Australian territory--including our remote areas. Such a force is the task of the Army, supported by the RAAF. It is sobering, however, to note that such a contingency could only occur if either the first two priorities were defeated, or that such capabilities were not achieved and an incursion was permitted to occur by default. The land battle, in any event, also would require both RAAF and Navy elements to engage the enemy re-supply lines and also for the RAAF to provide direct support in the land battle.

None of the required elements of the Defence Force would be viable without their supporting logistic systems, including the provision of trained manpower, supplies and the vital infrastructure of roads, ports, airfields and bases.

In planning the defence of Australia there is a need not only to take into account the priorities between the various elements of the force, but also to take heed of the lead times involved in obtaining the various elements. Obviously, it takes longer to train a submarine crew, or an F111 crew, than it takes to train a non-combatant soldier, sailor or airman. Similarly, the lead time to obtain a bag of peas is a different problem to obtaining a replacement submarine engine or a dozen Harpoons, if indeed they remain available. However, both of the important issues involved in planning defence -- force priorities and lead times -- do not seem to have been heeded in recent Defence thinking.

On May 2, 1985, not long before he retired, Air Marshal David Evans, CAS, addressed the National Press Club; the first time a serving Chief of Staff had been so invited. He spoke in a very forthright and hard-hitting manner and included in his speech a list of items which caused him particular concern.

They included:

- The vulnerability of the Defence Force and its infrastructure because of a lack of early warning radar and the need for airborne radars to cover both this need and guidance of the new F/A-18 aircraft in the air defence role.
- The continuing delay in the adoption of existing B707 transport aircraft to the refuelling tanker role.
- The problems created by cutting back on crew members and flying times in the fighter and strike aircraft forces, leading to a long-term shortage of crews to man these aircraft in the future.
- The freeze in pay that the Defence Force has suffered, in isolation from the rest of the community, over the past four years.

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#### Restive about conditions

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IT IS common knowledge that the members of the Defence Force are also restive about conditions of service in other ways, particularly housing and its cost. During the period prior to formal announcement of the mini-budget there was a leak that some \$40 million was to be allocated to improvements in Defence housing. That did not get a mention in the mini-budget and, at all events, would have meant another \$40 million of the Defence vote unavailable to develop the high-priority arms.

As indicated earlier in the paper, there would appear to be some fallacious thinking in the priorities now being espoused in Defence. These priorities are understood to be:

- The Army Operational Deployment Force based at Townsville.
- The RAAF elements in transport support of that force.
- The F111 strike force.

CSO: 4200/15

AUSTRALIA

BEAZLEY ON DEFENSE RESTRUCTURE, ARMED FORCES ROLE

Kunyung PACIFIC DEFENCE REPORTER in English Sep 85 pp 36-38

[Interview with Australian Defense Minister Kim Beazley by Dr T.B. Millar in "The View From the Top" feature: "Beazley Shaping the Force Structure for the Australian Environment"]

[Text]

Millar: Mr Beazley, you have now been Minister for Defence for six months and you have come to the post with a lot of experience and interest in defence matters. Apart from the Dibb appointment, which we will discuss in a few minutes, have you taken any initiatives or made any changes since you became the Minister?

Beazley: Well, there have been a number of initiatives we've been obliged to take relating to particular equipment purchases — I suppose the PDS contract for the submarines is the most dramatic in that area. But in the main I've been using my time to present the Government's perspectives on how it sees the defence of Australia being conducted, and familiarizing myself with the practical details of the portfolio by going around visiting installations, visiting factories and attempting to come to grips with what is an enormous 'empire'.

Millar: You have several times publicly expressed your general satisfaction at the defence re-equipment program. I wonder if you would be good enough to tell us broadly what the program is and its time-scale.

Beazley: I am not so entirely certain that I am satisfied with all features of the defence re-equipment program. I think that is one of the substantial problems that I and my successors are going to confront over the next 10 to 20 years and it's in large measure the motivation for the appointment of Paul Dibb to review our force structure and capability. The problem we confront is that the cost of defence equipment has been increasing well beyond the rate of inflation and we had to devise a re-equipment program which meets our needs in a difficult financial environment. So we're going to have to be very tough-minded about a lot of things. As we look at the re-equipment program over the next 10-20 years, we find we've amassed a lot of equipment that was purchased in the 60s (when there was a big buy-up) that has become obsolescent or is approaching it. We are going to have a very tight assessment of whether or not we really need what we are getting and whether or not there are other things that we really need that have not been properly fitted in.

But if you look at what we are actually buying, we are going to get in — very shortly — helicopters for the back of the FFGs, which have been in the pipeline since 1976; we are going to proceed to the purchase of a submarine, which I think will be useful for our purposes; we are getting in a number of items of equipment for the Army in the artillery, which I think is going to improve their capabilities. So you can look down the line and most of the items you can see as being suitable, but there are some items which we may need which in fact keep rolling off the back of the program. I cite two in the area of the Air Force which we may need: airborne early warning and inflight refuelling. We do have the basic machinery for the inflight refuelling, but we don't have the essential

equipment to be able to do that. So there are a couple of those areas where we keep falling off the back of the program or where things seem to be, if not delayed, where they don't have the right level of priority.

In the Navy's area, we're certainly doing some work on getting them a countering capability. But I wonder myself, and I will be pleased to take some advice from Paul Dibb on this when he finally reports, whether that is being assigned a sufficient priority at the moment. One looks at capabilities in our region and at the moment there is very little that could stand a sustained attack from some of our big ticket items like the F-111s, the F-18s, and the submarines; but just about everybody has got, at least potentially, some type of mining capability and we don't have a great deal of capacity to make or deal with that threat at the moment.

Millar: May I ask you a question that was in a recent issue of the *Pacific Defence Reporter* — do we really need all those F-18s?

Beazley: Well, in a wider sense, in the realm of hindsight as far as I am concerned as Minister, we have a contract for all 75 of them. I think when the contract was initially considered the strong suggestion was that we should buy 25 and take options for 50, and that in the circumstances that surrounded the decision-making after the response to the Afghanistan War, it was decided to get the 75 in one job lot. Irrespective of whether or not you believe there ought to be 75 of them, is that the most appropriate way to buy equipment? But the 75 F-18s will all be well-used when they come into operation and I understand the numbers are in some way related to assessments about attrition rates, about what is required for basic training associated with it, and about having options on setting down specific roles for some perhaps in the maritime strike area, for example as a more substantial role than the interceptor role for some of them. So I think that even though I may have gone about the contractual arrangements differently I am quite satisfied we are going to appropriately use the 75.

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### The basic philosophy

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Millar: Do you have a basic philosophy, a basic strategy for the defence and security of Australia? And I wonder how these differ from the ideas of the Liberal and National Party Government, or indeed from the Whitlam Government.

Beazley: Well I think we do differ very substantially from the Liberal and National Party governments in practice, even though we agree that the objective of the Australian Defence Force must primarily be the defence of Australia. I find that easy to live with; I am cheerful about it and believe that we can develop a very strong force structure on the basis of it. The Liberal and National parties have never really been able to accept it happily and they will seek opportunities to break out of it when they can, and they will certainly not subject themselves to the discipline in their thinking that that type of requirement exposes. If you go back to the way in which Mr Fraser responded to the Afghanistan crisis, there is a considerable lack, I think, in the approach that he adopted — the particular announcements he made — to an appropriate reference to a defence of Australia requirement. In a sense he justified a series of purchases on a global basis, and which those purchases clearly don't fit into.

In terms of practical effect, there is not a vast degree of difference between us, but there is certainly a difference in approach, which was encapsulated in our two responses as to whether or not we would keep in the force structure an aircraft carrier. Frankly, both the Liberals and ourselves would have arrived at the conclusion at which this Government eventually arrived, certainly once the Invincible was out of the area of potential purchases. And basically the Liberals were arriving at that position simply on the basis of cost. We had already arrived at that position on the basis of strategy for the defence of Australia, and we had looked at the various roles that an aircraft carrier performed; we decided that only one of them really needed to be maintained in our force

structure and that was an ASW role. We believed that if we brought forward quickly a decision on the right helicopter for the frigates then we could substantially address, as far as the service was concerned, that type of function that might have been performed by a carrier sufficiently to our satisfaction. Those differences are certainly there — philosophical differences between us.

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### The Barnard, Whitlam road

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In terms of the Whitlam Government, I see myself, in some ways, as completing work that was begun by Lance Barnard and Gough Whitlam when they substantially restructured the Defence Department and allowed far more effective co-ordination between various arms of our services. They were headed down the road of devising a policy for the defence of Australia, so I don't see myself as much at variance with them as I do, at least attitudinally, with the Liberal and National parties.

Millar: You have mentioned Paul Dibb, who is a member of the ANU's Strategic and Defence Studies Centre and was formerly Deputy Director of the Joint Intelligence Organization. You have appointed him to review Australia's defence situation, its strategy, priorities and so on. What prompted you to do that when you have in place a very large part of Russell already occupied with these questions?

Beazley: I believe I have a fine department, fine officers who are well-motivated and well-attuned to Government strategies. The realities are that if you direct any form of committee process in the department, or for that matter between the department and the services, to review critical things such as force structure, what you are presented with in response is a compromise package aimed at the lowest common denominator. And if you are not presented with that, you at least have to look at the fact that those very same committees that do that review are also doing a lot of other things at the same time — like reviewing the submarines, reviewing equipment and facilities problems that are put to them. So they don't have time, or they have time constraints. When you have the type of problems that we confront down the line, you really do need a fresh look at these things. Now you can't move totally outside the Defence framework for that fresh look, you need someone with a degree of expertise to be able to do it, with real experience of both the services and the Department. I think, in Paul Dibb, we are lucky to find somebody with that background.

Millar: It is sometimes suggested rather strongly that Defence Central is heavily overstaffed. Would you agree with that?

Beazley: I think you need to take a very careful look at where the civilians of Defence are located, and you need to look beneath the 40,000 figure that everybody puts up all the time and break that 40,000 down. And I will now break it down. There are 15,000 of that 40,000 that are directly under the CDF, and they are associated with the services and they provide the secretarial and some of the logistic backup of our defence forces, which would have to be provided by our soldiers, sailors and airmen if they weren't there and this would be a waste of training. The second area is the factories. There are 15,000 people in the defence factories. The third area is the Defence Science and Technology Organisation. There are 4500-5000 people in that. So when you have taken all those out you have now accounted for 35,000 and the 40,000.

Take out the regions, that is another 1300. Take out Natural Disasters Organisation, civilian component of Joint Intelligence, DSD and all those sorts of outfits and there is another 800. So you have now taken out 2100 out of 5000. You are down to 2900 civilians in Defence Central. Now that is managing a budget of \$6.3 billion. When I was Aviation Minister I think there were 1000-2000 in the central office of the Aviation Department, and that is department which manages a budget a tenth of the size of Defence. So that doesn't count for the military component which is in Defence Central. I think it's possible that there is some degree of over-staffing in the department and we need to assess it, but it is important to keep it in perspective.

Millar: You were saying that we are concerned primarily with the defence of Australia and its immediate environment. Do you envisage any circumstances when the Australian Defence Force might be again used outside that environment?

Beazley: I find it very difficult to conceive those circumstances beyond peacekeeping and show-the-flag type operations. I can't foresee a massive deployment of Australian forces outside Australia's immediate environment, and I certainly can't see it as such a significant requirement that it ought to be a consideration which governs the planning of our force structure. I think we have to get a force structure which deals with our environment and I don't think we necessarily have that at the moment: that must be our primary consideration. If there at some time comes a requirement to utilize an element of that force structure outside our environment, then it should be capable of being drawn down from the type of force structure which we establish in the defence of Australia context and not become a dominating feature of it. I don't see circumstances such as those arising beyond the type of operation I have indicated.

Millar: As you know I have had a long interest in the Reserves, especially the Army Reserve. What do you see as the role of the Army Reserve? If the Government's intention is to make the Regular Army and the Reserve into a single total force, which my committee recommended, will legislation be enacted on call-out to give this a legal basis? What do you see as a desirable ratio of Regulars to Reserves? Do you have any interest in the Latent Voluntary Reserve scheme?

Beazley: I see the Army Reserve as very important. I am delighted with the way General Gration is moving the Reserves to a greater degree of integration with the activities of the Regular force. I think that absolutely right. The more that happens, the more the degree of disenchantment among the Reservists at the moment will probably be resolved. If I could expand on that a little bit further. There has been a degree of discussion in public and in the press about the problems we have had with recruitment in the Reserves related to decisions taken with regard to taxing pay, for example. In fact, they have lost very little and most haven't lost anything at all.

But there was a marked difference between the responses in the Army Reserve and the other Reserve organizations. I think that perhaps indicates where the real problem is: the real problem is that in the Army Reserve, in particular, there has been until very recently no clear-cut understanding of what their role is, since they went through that dramatic expansion from 22,000 to 30,000, again after the Afghanistan War. It was simply announced that they were going to be expanded instead of being announced what they would do once they had actually been expanded. It is one of the things on which I am expecting something from Mr Dibb — a very much more clear-cut view of the integration of the Army Reserve into Regular Army activities. And you are quite correct, that may well create situations where legislation on call-out requires consideration. Yes, I am prepared to consider that and I hope I will get appropriate advice on that and I am prepared to pursue it further with the necessary party and Government committees.

As to the desirable ratio of Regulars to Reserves, I don't have a clear view on that — that is another matter on which I'm expecting advice.

Do I have any interest in a Latent Voluntary Reserve scheme? The answer is 'yes'. I think at a very much lesser level, the suggested operation of such a scheme by Dr Babbage and others, there is some similarity between that and the way in which the Air Force in particular uses its reserves to slot into the day-to-day operations of the Air Force and forms a very considerable addition to the effectiveness of that force. I think there is some role in the other services for such a relationship, but again in that area I would wait for Mr Dibb. We are not waiting for Mr Dibb in all areas relating to the Reserves and some changes on that have already been announced by CGS quite recently, and they are moving us in the direction I have been talking about.

**Millar:** The proposal of Dr Babbage, of course, relates to people contracting to be available. Unlike in the Air Force, these people would say 'Right, you need us; we will be there. Press the button and we come'. Does that have an appeal to you?

**Beazley:** I didn't want to say that what happens with the Air Force Reserves equals the Latent Voluntary Reserve scheme, it doesn't, but the value of the Latent Voluntary Reserve scheme is attained by the way in which Reserves in such a force are effectively integrated into regular activities. I realize that the Latent Voluntary Reserve scheme is a significant step in advance of what we now do in the Air Force. As I said, I think it has some merit to go down that road. We need further advice on exactly how the Reserves will be slotted into the force structure.

**Millar:** I wonder if you would like to talk about our coastal surveillance service and whether it is operating in the way you would like to see it operate?

**Beazley:** Well, I was the Minister who was designated to do a review recently and when I did that review I felt there was an insufficient integration between response, interception, and watching. And for those reasons I recommended the shifting of responsibility to the Federal Police as the body appropriate for co-ordinating interception more effectively. I know that some people argue that we ought to go down the road of a full-scale coast guard and it is difficult to confront the logic of that except in terms of cost. When we estimated the costs in that regard they were huge. I don't think it's an appropriate service to be incorporated in the Defence Department. If you go down that type of road, and this particularly struck me when I went through the interception and response question as opposed to the surveillance question, it is not an appropriate role for our Defence Force to lay hands on Australian nationals — it is a little bit more appropriate in terms of foreign nationals. We have police forces to lay hands on Australian nationals and if you have a look at things like the US Coastguard, they are separated out from the US defence forces, and there may well be similar sorts of considerations applying in their case. There may be a requirement to further upgrade that service as was implied in the initial Cabinet decision, handing authority to the Special Minister of State and the Federal Police, that at some point of time, a year or two after the initial set of decisions, they would come back to Government with recommendations on any additional requirements. This is going to be largely out of my hands; it is in the hands of the Special Minister of State and there I am happy for it to reside.

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#### Need for think tanks

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**Millar:** Do you see the need for institutions outside of Government to contribute to the formulation and presentation of ideas about defence? I have in mind the sort of thing that happens in America, the think-tank approach to try out alternative concepts or strategies, offer independent assessments, or provide intellectual backup to small defence industries particularly.

**Beazley:** Oh, absolutely. I think that is unquestionably the case. I was interested when I was in New Zealand recently, and talking to some of the servicemen there; a couple of them mentioned to me that they thought that one of the problems they had was that they didn't have those types of think-tanks around to present, if you like, a defence interest, a modified defence interest to the general public and improve the general public's debating standards in this area. They spoke somewhat enviously of the Australian National University's Strategic and Defence Studies Centre, which I think makes an enormous contribution to defence thinking in this country. I think such bodies are very important because inside the Defence Department and in the services a lot of quite complex strategic thinking goes on, all covered by an enormous array of security classifications, which means it can never be discussed in public. What often happens is that public presentations coming forth from the services and the Defence Department tend to be awfully bland, far more bland in fact than internal discussion, but people get trapped by necessary security restrictions. Now when you have got think-tanks, either academic organizations, or industry-based think-tanks, you can draw people out of the Defence Department and swap them between those think-tanks and the

Defence Department. You don't have to do that, you obviously will also have people who have never entered one or the other. At least there is an opportunity there for the exposure of the thinking of people who have been trained to think in quite complex ways but never to publicly express their views. It lifts the level of public debate. Public debate so often in this country focuses on idiot proposals or wish-lists, or mindless slogans or throw-away lines such as 'we can never defend Australia', or 'Botany Bay on a warm Sunday afternoon'. Really, life is much more complicated than that and the only way I can see that effectively being exposed on a sustained basis is for it to be done by institutions outside Government that nevertheless receive substantial Government input.

Millar: Do you propose to promote anything like that?

Beazley: I've had a few discussions with the ANU on additional resources for the Strategic and Defence Studies Centre. I haven't taken the matter beyond that, but I think somebody will have to think about it at some time. Yes.

Millar: Can we turn to ANZUS. How are we going to manage ANZUS without New Zealand? And because of our very long and close relationship and our perpetual geographical propinquity with New Zealand, is there a special security role for our two countries in this region, perhaps based on the Radford-Collins agreement or some extension of it?

Beazley: On the first question, the one of ANZUS without New Zealand, I think all parties would agree — ourselves, the Americans and the New Zealanders — that the guarantees associated with ANZUS remain in place. ANZUS as a trilateral operational body is not operational at the moment — operational in the ANZUS context means joint exercises, ship visits, joint ministerial meetings — but the reality is that to a very considerable extent our relationships with the US and New Zealand are in any case largely bilateral and all features of the Australian-American relationship are intact, working well, and all the elements of bilateral co-operation with New Zealanders are in place and working well.

Millar: Australia's bilateral.

Beazley: Yes. So our strategy when we had to deal with this problem was to make certain that as far as possible areas which were important to Australia in relations with both countries were effectively isolated from the impact of the disagreement between the US and New Zealand over port visits. Our objective to achieve that isolation has been achieved and there has been no detriment to Australian security.

On the question of an assertive security role for Australia and New Zealand in our region, I think that is in place and probably has been slightly enhanced in recent times. When I was in New Zealand we did hold discussions on increasing our surveillance of the South Pacific. New Zealanders have increased their contribution to that. The sorts of decisions they have been taking in terms of their force structure have been to some considerable degree related to improving their 'show the flag' and surveillance capabilities in the area, and we ourselves have been upgrading our interest in the South Pacific, as has been reflected recently in our pursuit of the South Pacific patrol boat program. One of the advantages that we have in operating in the South Pacific is that very little goes a long way. It is an area where local defence activities are quite slight and where we can make a fairly substantial contribution at not a very great price.

Millar: Are you concerned about the Kiribati negotiations with the Soviet Union?

Beazley: Well, if I can take that out into generality, we would be concerned about any substantial increase in Soviet influence in the South Pacific, and one of the reasons why we have pursued the bilateral relationship with New Zealand has been to minimize the tendency of the disagreements between New Zealand and the US to create any sort of impression that there is a weakening will in this particular region.

Millar: Can we talk about the Strategic Defence Initiative of President Reagan which the Australian Government has decided not to support or be involved with? Now, the Pentagon's 1985 Report to Congress on SDI identifies early warning satellites as a crucial component in any future SDI system. But Nurrungar is a ground station for one of those satellites and I wonder how that fits in with our policy.

Beazley: We don't identify the detail of the functions performed by the joint facilities at Pine Gap and Nurrungar. I have seen those reports, of

course, and I have seen also an assurance offered by the Secretary for Defence, Mr Weinberger, and also President Reagan to Prime Minister Hawke when he visited the US early this year, that Australian installations would not be utilized in the operation of SDI. I am happy enough to accept those assurances. I have seen nothing in any briefings that I have had on the subject that suggests that the assurances given to the Prime Minister are invalid.

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### Can Australia rely on the US?

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**Millar:** In view of Secretary Weinberger's warning last December that the US would not commit forces overseas unless its vital interests were at stake and if there was an assurance of Congressional and popular support, does the Australian Government feel that it can rely on the United States?

**Beazley:** All Secretary Weinberger's statement did was to reiterate in a slightly different form what we have been told since the end of 1969 and our opponents have been so frightened addressing. Secretary Weinberger's statements had absolutely no surprises in them for me. To a considerable degree the defence debate around the ANZUS alliance has been rendered simplistic by endless argument over whether or not guarantees are applicable. Strangely enough, different people start off with similar premises: the conservatives in our community have argued that perhaps the guarantees might not be applicable, and therefore every decision that has to be taken at some point in time, where the Australia-American relationship is involved, has to be taken in the context of trying to reassert the viability of that guarantee. Some of the Left have argued in the community that those guarantees are not there or can't be said to be applicable, and therefore we ought to walk away from ANZUS altogether and find some other sort of defence arrangement. My view is that that is the least relevant level of debate. If we don't know exactly in what circumstances those guarantees are applicable, neither does anyone else; that must give at least some potential aggressor a degree of pause for thought. A combination of Australia and the US which they might have to confront would be a major diplomatic and military problem for them. But it is not a sensible way of looking at the alliance.

We operate on the assumption that to all intents and purposes we would have to defend Australia from within Australia's resources; that nothing other than that is an objective consonant with a respectable view of national sovereignty. Now, the question then arises how do we make our relationships serve that end, and the relationship with the US does. It assists us in achieving a substantial technological edge in our region and maintaining it. That technological edge is quite critical. When you look at the geographic problems that Australian defence forces confront, we can achieve self-reliance but we have to achieve it essentially via a technological solution. Again, in many areas the relationship with the US provides us with the possibilities of that technological solution as well as the technological edge. Then it comes down to a question of basic strategic information in our region and the exchange we have with the US supplies that to us. We do have to a very substantial degree an equal exchange with the US under ANZUS and American alliance relationships. This is not something which is necessarily available to all allies of the US. We don't pose for the United States a big security problem in a way in which the NATO powers do. ■

CSO: 4200/15

AUSTRALIA

ARTICLE CRITICIZES U.S. FISHING POLICY IN SOUTH PACIFIC

Melbourne THE AGE in English 23 Aug 85 p 11

Article by Geoffrey Barker: "Tuna Wars"

Text Throughout the South Pacific, the US is being increasingly perceived as a big, rich bully intent on kicking around 13 of the world's smallest, poorest and newest nations as they try to achieve economic viability with what is, for many, their only natural resource: the fish that swim in the sea.

The battle over the big bluefin tuna is a classic study of how U.S. policy-makers, cowed by powerful domestic interests, cling to untenable policies that are actively harming long-term American interests. Sometimes, as Australia has been telling the U.S., great and powerful friends can be monumentally insensitive and myopic.

Not surprisingly the Russians, seeing an irresistible opportunity to shaft the U.S. in an area where Soviet power has not traditionally operated, are moving in with money in their hands and Shevardnatze smiles on their faces.

No one -- not the U.S., not the South Pacific island states, not Australia and not New Zealand -- really wants the Russians paddling around in what has traditionally been considered an ANZUS lake. But unless and until U.S. foreign policymakers alter their fishing policies, Soviet intrusions are bound to continue.

And it is all because of the swimming habits of the bluefin tuna, the big dark fish with the pale pink flesh prized by sandwich makers from Moscow to Melbourne. It is an inconvenient fish: It travels around the Pacific in great paths from the coasts of the Americas right out west to the Caroline Islands and into the Coral Sea. It is what scientists and diplomats call a highly migratory species.

So what? Well, the U.S. insists that no single nation can claim these Pacific travellers as their own. As a State Department source said: "We do not recognise coastal state jurisdiction over highly migratory species ... we don't adhere to the view that highly migratory fish are the sovereign property of the state in whose waters they happen to be at any time." (That is a half-truth: the bluefin tuna is the only highly migratory species considered by the U.S. to be a citizen of the world.)

The reason, the spokesman said, was that the U.S. believed the only rational way to prevent over-fishing was through a regional approach involving all the states through whose waters they swim. (In fact, good fish management policies are being put in place by agencies of the South Pacific Forum, and the U.S. position really has more to do with the political clout of the troubled San Diego-based tuna fishing industry. Of this more later.)

The U.S. and Japan are now the only nations with long-range fishing fleets that do not recognise the jurisdiction of coastal states over highly migratory species of fish (or, rather, over bluefin tuna). But the Japanese fishing industry, unlike the U.S. industry, has readily entered into effective agreements with the Pacific states to buy fishing rights.

Not surprisingly, given that the fish are virtually their only resource, the small and scattered states of the South Pacific are among the most militant defenders of coastal state jurisdiction. When the high-tech American tuna boats arrive in their waters to take the tuna the island states get very angry indeed. Not only are the American fishermen ripping off one of their few resources, they are in effect rejecting the reality of their recently acquired sovereign nationhood.

Indeed, the insult is intensified by the fact that each tuna boat, which costs up to \$15 million, is worth several times the annual income of places like Tuvalu and Kiribati.

Twice already American tuna boats, armed with radar and sonar and helicopters, have been seized in the South Pacific for fish-poaching. In 1982 the Danica was seized by the government of Papua New Guinea; last year the Jeanetta Dianna was seized in the Solomon Islands. Since then there have been reports that many other American tuna boats have come perilously close to seizure.

These seizures are likely to become more frequent because Australia, under its Pacific aid program, is to supply 12 new fast armed patrol boats to the countries of the area. The boats will greatly enhance the ability of the states to enforce their jurisdiction over the tuna.

The U.S., meanwhile, has taken tough legislative action at the behest of its well-organised tuna fishing lobby to try to discourage boat seizures. Under the so-called Magnusson Act of 1978, the U.S. immediately embargoes imports of fish products from any state that seizes an American boat; under the U.S. Fisheries Protection Act the owners of seized boats are compensated by the Government for the loss of both the vessel and fishing time.

(In the case of the Danica the seizure lasted only a few hours and the embargo was imposed and lifted quickly. But the Jeanetta Dianna was held up for six months because the Solomon Islands, which exported no fish product to the U.S., was under no pressure to give way. It eventually cost the U.S. and its fishing interests more than \$1 million in fines and repurchasing costs to have the vessel released.)

They are applying their laws and we are applying ours and we are paying a political price for that. It's a serious irritation to those states," a State Department source said. That irritation is intensified for the Pacific states because the American tuna industry, recognising costs of fishing without licences in South Pacific waters, has sought to reach individual agreements with some island states despite the fact that it is not U.S. Government policy to recognise jurisdiction over the fish.

At the same time, however, the industry has pushed hard in Washington to maintain the protection of the Magnusson and Fisheries Protection Acts -- and most of the individual agreements have broken down with money owing to some of the island states.

Into these troubled waters the Soviet Union sailed about a year ago offering to sign fishing agreements with several South Pacific states. The Soviet initiative seemed clearly an attempt to exploit U.S. vulnerability.

Only tiny Kiribati accepted the offer. Kiribati is very poor, extremely anxious to find ways to become economically viable, and outraged by violations of its sovereignty by American tuna boats. Furthermore, Kiribati is led by President Jeremiah Tabai, a passionately independent man who wants his country to earn income and not to rely on handouts.

His decision to sell fishing rights to the Soviets sent a frisson through the devoutly Christian South Pacific states. They did not want the godless Russians to get a toe-hold in the region. It would be the thin edge of the wedge: tuna boats today, docking facilities tomorrow, a naval presence next week. Kiribati would become very dependent very quickly. Everyone knows how the Russians work, don't they?

Australia, New Zealand and the U.S. shared that concern, and President Tabai came under extreme pressure from his South Pacific neighbors. So he decided initially to give the Russians fishing rights for 16 vessels for 12 months only, and he refused them shore access. The Russians reportedly paid \$2.4 million -- or nearly one-fifth of the current Kiribati budget -- for these rights. (By comparison, total U.S. aid to the 13 countries totals only \$5.5 million a year.) To the concerned Americans, President Tabai said in effect: "We want economic independence. The Russians want to buy. You want to take. We prefer the paying customer, thank you very much."

Again this troubled background the U.S. and the South Pacific countries have, for the past year, been negotiating an agreement on a multilateral fishing treaty that would override current U.S. law and make it illegal for U.S. tuna boats to fish in the area without licences. But it is a long process: the negotiators have not yet reached decisions on the issue of fees and the American Tuna Boat Association, which is strongly represented in Washington, is holding out for preservation of the Magnusson Act provisions which offer them compensation.

In fact, the fishing dispute is only the largest and most obvious of several conflicts which have seriously undermined the goodwill enjoyed by the U.S. in the South Pacific since American soldiers fought back the Japanese 40 years ago. Those tuna boats are an outward and visible symbol for struggling South Pacific islanders of an arrogant, grasping U.S. presence.

There are other issues that worry South Pacific leaders: if the Americans are telling the truth when they say they have no intention of dumping wastes in the South Pacific, why will they not agree to a prohibition on the dumping of wastes? And if the Americans are telling the truth when they say they have no intention of testing, stationing or manufacturing nuclear weapons in the South Pacific, why are they so cagey about the nuclear-free zone proposal approved at the recent meeting of the Pacific Forum -- especially when they acknowledge that the Russians are likely to seek a propaganda advantage by signing the protocols quickly? These questions are, reasonably, perplexing for the South Pacific leaders.

What does not yet seem to have seeped into the consciousness of U.S. foreign policymakers is the fact that the good-natured, God-fearing colonial islanders who welcomed the GIs in the 1940s are passing from the scene. Today's South Pacific leaders are imbued with the idea of independence; they are wedded to the Law of the Sea Convention; they are too smart to sell their heritage for glass beads.

So what is to be done? The most rational step would be for the U.S. to renounce its policy of not recognising coastal state sovereignty over highly migratory fish species. The policy is out of place in a post-colonial age. It damages America's hard-won reputation in the region; it gives the Russians a foot in the door; it threatens to turn a placid part of the world into another arena of Superpower competition.

Economically it is potentially expensive because of the compensation provisions of U.S. legislation. If the Russians become more active in the region the U.S. military will have the added expense of having to monitor their activities.

The policy is also inconsistent. Of all highly migratory species of fish, the U.S. refuses to recognise coastal state sovereignty over only the bluefin tuna. It certainly claims sovereignty over the five species of salmon that swim in U.S. waters, although they are highly migratory. (This is because the U.S. has its own salmon fisheries off Alaska.) It also claims jurisdiction over the highly migratory billfish in its waters -- especially the great sporting billfish like swordfish and marlin. So the whole policy would seem tailored opportunistically to protect the tuna fishing lobby.

As the major South Pacific power, Australia finds itself in a somewhat schizoid position in this argument. Its support for coastal state jurisdiction over highly migratory species is demonstrated by Australia's decision to provide the patrol boats. But Australia is also acutely conscious that it would not be in Western interests to allow the Russians to get a firm toe-hold in the South Pacific. So Australia has, as one source put it, "been leading the American horse to water, but has so far been unable to make it drink."

The American tuna industry doubtless has some good arguments for government protection. It employs a lot of people; it has enormous capital investment in its boats; it is experiencing a tuna price downturn; and some of its fishing grounds are being closed. But it is hardly arguable that these considerations deserve priority over considerations of America's reputation in the South Pacific and, even more vitally, its ability to compete effectively with bustline Soviet power in the region.

CSO: 4200/18

AUSTRALIA

BUDGET IMPACT ON FARM SECTOR ANALYZED

Broadway THE LAND in English 22 Aug 85 p 8

[Editorial: "No Cause for Celebrations"]

[Text]

WHILE it does make a serious attempt to placate the rural sector, the Hawke Government's 1985-86 budget is unlikely to give rise to victory celebrations down on the farm.

Certainly, the removal of the 2.4 cents a litre excise on farm diesel will be a major relief to embattled grain growers, as will the long-sought lifting of the tariff on imported grain harvesters.

Removal of the diesel excise will knock an estimated five percent off wheatgrowers' annual fuel bills, while the replacement of the header tariff with a bounty will reduce the price of new machines by up to \$20,000.

These two items were high on the list of priorities cited by farmers at the Canberra Farm Rally last month, and it would be churlish not to give the Government some credit for trying to meet their demands — especially at a time when many other sectors of the economy are looking in vain for assistance.

Indeed, the farm sector should recognise that, while it may consider itself "short-changed", it is one of very few sectors to score any tangible wins from this year's budget. Too hostile a reaction from farmers could thus quickly erode the community sympathy for their cause that has been built up by the June-July rallies and subsequent events.

And community perceptions are the guiding lights by which today's pragmatic governments plot their course.

Having said this, it must be pointed out that the Budget does not go far enough in tackling the major economic ills of farmers and other export-based industries. High levels of government charges and tariffs still threaten to undermine our international competitiveness.

CSO: 4200/15

As well, the worst is probably yet to come: this week's Budget basket of "goodies" for farmers could well be just a palliative to soften the impact of capital gains taxes and other foreshadowed "nasties" in the September tax announcement.

What also remains a worry is the trade unions' reaction to the Government's demand that they accept full wage discounting, while keeping alive the general spirit of the prices and incomes accord.

If, as seems to be on the cards, the Australian Council of Trade Unions decides not to go along with this proposal, the Budget's strategy could fall in a heap, paving the way for a new bout of inflation.

Much will depend on the ability of the Government to convince the rank and file unionist — and for that matter, the Australian community at large — of the need for restraint. Past performance raises serious doubts about whether the Government has this ability.

So far, neither the Prime Minister, Mr Hawke, nor his Treasurer, Mr Keating, has been prepared to put the next election out of his mind for long enough to tell the people that Australia's high standard of living is no longer sustainable, and is in fact illusory.

Instead, we keep being told by our vote-conscious leaders about the possibility of wage-earners having to suffer a "temporary" decline in their living standards. Such talk serves only to stiffen union resistance to the inevitable belt-tightening that this country faces.

But there is some room for hope. The Budget's overall economic targets — a slashing of the deficit by up to \$1.8 billion and a reduction in the public spending growth rate to its lowest level in six years — show that the Government is at least moving in the right direction.

AUSTRALIA

CANBERRA ANNOUNCES INCREASED ANTARCTIC PRESENCE

Auckland THE NEW ZEALAND HERALD in English 10 Sep 85 p 7

Text7 Australia will look for a site for a possible new Antarctic station this summer as part of an increased antarctic science programme announced yesterday by the Science Minister, Mr. Jones.

He described this summer's survey as a preliminary step to the possible establishment of the first Australian station in the eastern claim area since explorer Sir Douglas Mawson's hut was built in 1911.

For the first time since the continent was divided into national claims, Australia would have a consistent presence on its huge eastern sector, between the French and New Zealand territories.

On the polar ice cap, major glaciological traverses will also take place as the Government moves to quell criticism at home and abroad of a slowdown in its Antarctic work.

Australia operates three stations on the coast of Antarctica -- all of them in the larger slice of the six-million-square-kilometre claim ceded to it by Britain in 1933.

Meanwhile, the Soviet Union has built four stations in the Australian claim -- one of them, Leningradskaya, in the smaller sector.

Although a \$58 million rebuilding programme is under way at Australia's stations, it has built no new stations since 1969.

Mr Jones described the whole eastern claim as very inhospitable, but said it looked as if Commonwealth Bay -- to be surveyed by the summer party -- might be the best of a bad area.

A new station was politically of "absolute" importance to Australia, he said.

"I mean, we claim the area but we have done very little there."

"We can also collaborate more closely with the New Zealanders and Americans because the eastern sector abuts on the area they are active in."

BURMA

NORWEGIAN FIRM BUILDS POWER GRID IN RANGOON

Oslo AFTENPOSTEN in Norwegian 9 Sep 85 p 32

[Article by Kjell Wold and Richard Skretteberg: "Norwegians Building World's Largest Power Grid in Burma"]

[Text] A Norwegian consultant firm has managed to gain entry into one of the most closed countries in the world. Since 1981 Norconsult has designed, projected, and initiated the construction of the world's largest power transmission system from its cramped offices on the outskirts of the capital of Burma.

Eight transformer stations from the capital of Rangoon northward to the city of Pagan near the mighty Irrawady River will be connected by a 642-kilometer long power line. This engagement began in 1980, when the Norwegian government extended a gift of 40 million kroner to Burma. Norconsult was awarded the job of planning and designing a power station, as well as studying the feasibility of a power grid in Burma.

Harald Lillefjare, the project leader for Norconsult in Rangoon, told AFTENPOSTEN that the Norwegian firm is responsible for the technical aspects of the project, developed in cooperation with the national power plants in Burma, EPC (Electric Power Construction).

The Burmese were so pleased with Norconsult's plans that the company was also awarded the actual construction of the power grid, which started in 1984. According to plans, construction of the 642-kilometer long power line will be completed sometime in 1988, but Norconsult has already been promised additional projects, guarantying its involvement in Burma until 1990.

While the early stages of the project, from 1981 to 1984, were financed by the Norwegian government, the development itself is being financed through an 80-million dollar World Bank loan. The terms of the loan are very favorable, with an effective interest rate below 1 percent and long-term repayment.

The Norwegian construction project employes more than 500. Norconsult has four to five representatives stationed permanently in Rangoon, while others stay for shorter periods at a time.

"Although we are somewhat behind schedule right now, our work has been progressing pretty much as planned," Harald Lillefjare told AFTENPOSTEN. Lillefjare, a civil engineer from Drammen, shares the main responsibility for Norconsult's work in Burma with civil engineer Jan Erik Skog. So far, 35 million of the 80-million dollar loan have been spent. Better than one-third of the grid has been completed. The monsoon season this year halted the work for almost 6 months.

"This simply underscores the problems and challenges connected with our work here. Half of the power line runs through rice fields. Due to an extremely poor network of roads in this area, the equipment has to be transported on barges. This takes time, of course," said Lillefjare, who still felt that this system has worked very well considering the long distances.

All of the steel required for 1650 transmission towers is coming from Japan and the connector equipment from West Germany. "We are not the very first Norwegians on the Burmese market. Some gas turbines for power plants were delivered earlier by KV, but we are probably the first to be stationed here," said Jan Erik Skog, who had just returned from a vacation in Norway.

Norconsult Director Kristoffer Storruste was also in Burma recently to observe the development of this gigantic project. Despite the seasonal problems, Norconsult is optimistic about the project.

Although Norconsult expects to finish this project by 1990, it could lead to other projects. "Much depends on plans for construction of a 300 megawatt power plant in Panglang. We have bid on the plant and the transmission network, but construction and financing of this project are just in the planning stage," said Lillefjare.

Should Norconsult fail to get the contract on the construction of the power plant, the Norwegian company still has high hopes of getting its power-line bid accepted. However, Burmese authorities may have to choose between this project and the big gas finds made in the ocean south of Rangoon.

"It is a question of choice. I do not believe the country can afford large-scale power and gas developments at the same time," said Lillefjare. Norconsult is hoping that Burma will continue to concentrate on the development of power.

"Enormous undeveloped water resources are common to many countries in Southeast Asia," director Storruste explained and said he anticipates that Norconsult will penetrate further into this region, but did not want to elaborate on any plans for the time being.

Of course, the enormous power potential in this region is the source of keen competition among foreign firms. Norwegians stationed in this region do indeed confirm this impression and praise Norconsult's efforts in Burma.

INDONESIA

STUDENT ASSOCIATION ADOPTS PANCASILA OVER ISLAM

East Burnham ARABIA: THE ISLAMIC WORLD REVIEW in English Aug 85 pp 16-17

[Article by Aly Fikri]

[Text] Himpunan Mahasiswa Islam (HMI), the largest of the Indonesian student associations, established in 1947 and widely known internationally, has finally adopted Pancasila as its sole basic principle, replacing Islam, its original basic principle. HMI's acceptance of Pancasila is in line with the present government's requirement that all mass organisations adopt the national ideology. Until now, the government has been apprehensive of HMI's stand on the matter because in its 15th Congress in Medan in 1983, HMI declared its commitment to Islam and rejected Pancasila. The position is now reversed. The change in ideology did not surprise anyone as HMI was founded on nationalism. This was confirmed by one of its founders, Professor Lafran Pane.

HMI's first chairman, Mintaredja, was a secularist. He was succeeded by A Dahlan Ranuwihardjo, who, although an ardent nationalist, was also well conversant with Islam. Dr Sulastomo, the HMI chairman just before the abortive coup of 1965, supported President Sukarno and his Communist sympathies, and acquiesced to the punitive sentence passed on the Masjumi leader, Prof H Kasman Singodimedjo by his regime. When Nurcholis Madjid assumed the chairmanship (1967-1971), he instructed the members of HMI and others to assimilate secularism in their lives. Interestingly HMI had participated actively in forming the International Islamic Federation of Student Organisations (IIFSO) in 1969, in Aachen, West Germany, now based in Kuwait; Nurcholis himself became deputy secretary-general of the organisation while Professor Ahmad M Totonji was the secretary-general. Nurcholis' proposition resulted in the temporary suspension of HMI from IIFSO.

One of the leading members of HMI, Professor Dr Deliar Noer, formerly Rector of the Pedagogic Institute (IKIP), Jakarta, was dismissed by the authorities in 1974 for his critical attitude towards the government. A scholar, writer and thinker, Professor Deliar Noer accepted Pancasila as the state's ideology. (He is now teaching at Griffith University, Brisbane, Australia). Another leading figure, Muhammad Sanusi, was also a founder-member of HMI and once served as Minister of the Textile Industry during the early days of President Suharto. (He is now serving a prison sentence for alleged involvement in crimes against the state). Another founder-member, M Imaduddin Abdul Rahim,

20

was detained during 1978-79 in Nirbaya Prison near Jakarta for his bold criticism of the Suharto administration in his dawa discourses—which also reflected his high principles. The last HMI leader to become a victim of the regime is Tony Ardie, detained from September 1983 to June 1984. He made a strong stand against the rapid process of de-Islamisation being carried out by the Suharto regime that was at the same time allowing the spread of Christianity and forcing the state ideology of Pancasila on the people. Ardie was detained again in September 1984, along with other leading personalities and Muslim activists, after the bloody incident at Tanjung Periuk.

It is not a secret that HMI has accommodated itself to the government's policies, has adopted a moderate stand, and has acted as an institution which prepares candidates for high posts in government. One of them is Dr Abdul Ghafur, an air force colonel, who has become a confidante of Suharto; he is now minister of state for youth affairs and sports.

HMI has not asked any religious expert to oversee and control aspects related to the faith. This is, seemingly, the main reason why HMI has been able to compromise its policy and has willingly associated itself with the "Kelompok Cipayung" (the Cipayung Group) which includes the Catholic Students Association (PMKRI), the Christian Students Movement (GMKI), and the National Students Movement (GMNI). These groups have already adopted Pancasila as their basic principle. The Islamic Students Movement (PMII) is expected to take a similar decision at its forthcoming Congress since its parent body, the Nahdatul Ulama, adopted Pancasila and its Muktamar in December 1984.

HMI's compliance with Pancasila took place on April 10, 1985, after being discussed at HMI's second executive council meeting and the 3d plenary session of the government council April 1-7, 1985, at Ciloto, West Java. It is to be ratified at HMI's 16th congress in September this year. Harry Azhari-Azis, says "the decision is truly sincere, coming from our innermost heart, free from any influence whatever." However it is open knowledge that long before the fateful decision, there had been several meetings between HMI leaders and high government officials. The HMI Alumni, better known as Korps Alumni HMI (KAHMI) has played an active role in changing the ideology of the organisation. KAHMI is an influential body as many of its members are high-ranking government officials.

Early this year, KAHMI submitted a memorandum defining its stand on the matter to the Minister and Secretary of State, Lt-General Sudharmono, who is also chairman of GLOKA, KAHMI restated that "It accepts the Pancasila and reiterates its members' loyalty to the Indonesian government." It is KAHMI which is believed to have coerced HMI into adopting the basic principle of Pancasila, since HMI solicits monetary assistance from KAHMI to finance its activities. Many in Indonesia say that as HMI has reversed its stand on Pancasila, it therefore has no right to represent Islamic students.

The only organisations which have not complied with the Pancasila are Muhammadiyah, Pelajar Islam Indonesia (Indonesian Islamic Students) and Gerakan Pemuda Islam (Islamic Youth Movement): their faith and firmness on the matter are even now being challenged and tested.

LAOS

DPRK LEADERS GREET LAO COUNTERPARTS

BK241320 Vientiane Domestic Service in Lao 1400 GMT 23 Sep 85

[Text] Recently, Comrade Kaysone Phomvihan, general secretary of the LPRP Central Committee and chairman of the Council of Ministers of the LPDR, and Comrade Souphanouvong, president of the LPDR and president of the SPC of the LPDR, received a message of thanks from Comrade Kim Il-song, general secretary of the WPK Central Committee and president of the DPRK.

The message reads in full:

I would like to extend our profound thanks to you, comrades, for your warm greetings message, which highly valued the achievements scored by our people in the socialist construction and voiced resolute support to the struggle of our people, aimed at reuniting our homeland, on the occasion of the 40th anniversary of the liberation of our country from the yoke of occupation by the Japanese colonialists.

Comrade Kim Il-song expressed his firm belief by saying: The friendship and cooperation between our two countries will be continually consolidated and developed for the sake of our independence and anti-imperialist struggle.

At the same time, Comrade Kim Yong-nam, vice premier and foreign minister of the DPRK, also sent a message of thanks to Comrade Phoun Sipaseut, vice chairman of the Council of Ministers and foreign affairs minister of the LPDR.

CSO: 4206/1

LAOS

PASASON EDITORIAL ON RELATIONS WITH USSR

BK240458 Vientiane Domestic Service in Lao 1400 GMT 23 Sep 85

[PASASON editorial: "Profoundly Appreciate Lao-Soviet Friendship, Cooperation, and Solidarity"--date not given]

[Text] Implementing the LPRP Central Committee Political Bureau's resolution No 28/BP LPRP CC dated 14 September 1985 on the celebration of the 25th anniversary of the establishment of diplomatic relations between the LPDR and the Soviet Union, the Secretariat of the LPRP Central Committee has issued instruction No 94/SLPRP CC dated 19 September to the leading committees of ministries; state committees; party Central Committee committees; central-level mass organizations, including the Lao-Soviet Friendship Association; and party committees of all provinces and Vientiane municipality asking the latter to translate into reality the spirit and contents of this resolution.

To ensure the implementation of the resolution of the party Central Committee Political Bureau, it is necessary for the entire Lao party, army, and people to understand deeply the spirit of great friendship and all-around cooperation and the spirit of clear-sighted international solidarity between the Lao and Soviet peoples and to understand clearly the Soviet Union's role as the bulwark of the socialist community and revolutionary movements and as the defense of world peace and, at the same time, to realize the great success of the meeting between General Secretaries Kaysone Phomvihan and Mikhail Gorbachev in the latter part of August 1985. This meeting opened a new era in relations between the two parties and two peoples and produced a great encouragement and formed a new position and strength for the Lao people in the cause of defending and building the country.

To achieve this, on the occasion of the 25th anniversary of the establishment of diplomatic relations between the LPDR and the Soviet Union, all sectors directly concerned must attentively study and strictly implement instruction No [number indistinct] LPRP CC dated 19 September issued by the Secretariat of the party Central Committee and launch propaganda campaigns in many forms to mobilize extensively and make cadres, party members, and people of all strata understand profoundly the growth and all-round strength of the Soviet Union--the great achievements in the economic, political, social, cultural, technical, and scientific

spheres and in its space exploration for peace and mankind's progress, which have been recorded by the great Soviet people, under the correct and clear-sighted leadership of the CPSU, in building developed socialism and in preparing conditions for the advancement toward communism.

The sectors concerned must understand clearly the important role of the Soviet Union--the first socialist state in the world, which has now become a tremendous force for the revolutions of various nations and a diamond-hard bulwark of world peace. At the same time, they must explain to the Lao people of all tribes the wholehearted support and assistance given by the Soviet Union to the Lao revolution during the period of our national-democratic revolution, particularly during the period starting from 7 October 1960--a historical day from which Soviet support and assistance for the Lao revolution have been open, direct, and increasing in all respects, thus greatly and importantly contributing to strengthening the revolutions of Laos, Vietnam, and Cambodia. As a result, these three countries joined in gradually defeating the enemy and won complete victory in 1975.

In addition, as the Lao people are striving to carry out the first 5-year state plan to welcome the 10th anniversary of the 2 December national day and to hail the success of the meeting between General Secretary Kaysone Phomvihan and General Secretary Mikhail Gorbachev in Moscow on 27 August, the Lao people of all tribes must understand that the friendly relations, cooperation, and solidarity between Laos and the Soviet Union have developed and entered a new phase. As reflected in the past 10 years, assistance and cooperation have developed and increased in size and volume. During this period, the Soviet Union has assisted dozens of major projects of socialist transformation and construction in Laos. Many projects have now been completed, and many others are being constructed. All this is a very important factor for the survival and development of the current Lao revolution, as affirmed in the Lao-Soviet joint communique recently signed by Comrade General Secretary Kaysone Phomvihan and Comrade General Secretary Mikhail Gorbachev.

Meanwhile, it is necessary to heighten vigilance; smash all schemes of the imperialists and the expansionists who are attempting to sabotage and divide the spirit of solidarity and militant alliance between Laos and the Soviet Union and between the Indochinese countries and the Soviet Union; attentively promote and develop the spirit of patriotism, self-mastery, and building up strength by ourselves; safeguard the clear-sighted spirit of socialist internationalism; and effectively utilize the valuable assistance of the Soviet Union.

If all this is materialized, the work of all levels and branches in implementing the instruction No 94/SLPRP CC of the Secretariat of the LPRP Central Committee under the supervision of the national commission in preparation for the celebration of the 25th anniversary of the establishment of diplomatic relations between Laos and the Soviet Union will be gloriously successful, thus greatly contributing to strengthening and bettering the great friendship, all-round cooperation, and militant solidarity between the two parties, states, and peoples of Laos and the Soviet Union.

LAOS

OFFICIAL DISCUSSES TIN, GYPSUM MINING FACILITIES

BK241415 Vientiane Domestic Service in Lao 1400 GMT 23 Sep 85

[Report: "Exploitation of Natural Resources in Our Country"]

[Text] After complete liberation of our country, the party and state have paid close attention to restoring the tin and gypsum mining facilities left unattended by the old regime to normal use. At the same time, modern new plants have also been built with assistance from the Soviet Union, which provided the machines, equipment, and vehicles to consolidate and improve tin production in Hin Boun District, Khammouane Province.

The consolidation and construction of the tin mining enterprise began in 1980. By the end of 1985, it will be 100 percent completed at a cost of more than 5 million rubles. Upon completion, the factory will be able to process between 500,000 and 550,000 metric tons of tin ore per year. After processing, an estimated 1,500 metric tons of pure tin will be produced per year.

As for the gypsum factory in Savannakhet Province, assistance worth more than 4 million dong has been rendered by the SRV. The repairing of old machines and the installation of new ones began in 1979 and 1980. By 1983, they were 100 percent completed.

Comrade (Phanom Phouthakeo), director of the Lao Mining Exploration Company, told our station reporter the following: There are over 1,200 workers in our company. Our factories are medium-size mining enterprises. We have some 900 workers directly engaged in production and over 300 others in indirect production. We have two hospitals to take care of ill workers from the two factories, namely a 40-bed hospital for the tin mining factory and another 40-bed hospital for the gypsum factory. Each production unit has medical personnel assigned to them.

As for the raising of the standard of competency and knowledge of workers, we have sent some of them to attend courses both in the country and in foreign countries--either on a long-term or short-term basis. In 1985 alone, we have sent 12 of them to attend new courses.

With regard to past achievements, Comrade (Phanom) said:

[Begin recording] In parallel with the reactivation of the tin mining factory and the construction of the gypsum factory, our production units have also carried out normal production. I will give you the breakdown of our production: For tin production, we managed to produce 255 metric tons in 1981, 302 in 1982, 359 in 1983, and 430 in 1984. As for 1985, our workers will strive to fulfill the production target by producing not less than 540 metric tons. As for gypsum production, we managed to produce 40,000 metric tons in 1981, with increasing production in subsequent years. In 1984, we managed to produce 82,000 metric tons. In 1985, we expect to produce about 100,000 metric tons.

The annual growth rate of our tin production is not less than 18 percent. It is expected that the production of tin ore in 1985 will be 2.11 times that in 1984 and the production of gypsum 2.5 times.

With regard to the contributions of our enterprises to the national budget, they have increased each year. For example, in 1984 our contributions to the national budget increased by 3.95 percent compared to those in 1981. It is expected that our contributions to the national budget in 1985 will increase 61.12 percent compared to 1984. Compared to 1981, our contributions to the national budget in 1985 will increase 11.87 times. [End recording]

At present, workers at the two enterprises are enthusiastically competing with one another to fulfill the first 5-year state plan so as to score achievements to welcome the 10th anniversary of the 2 December national day.

CSO: 4206/1

MALAYSIA

MAHATHIR OUTLINES PLANS FOR FUTURE

East Burnham ARABIA: THE ISLAMIC WORLD REVIEW in English Aug 85 pp 12-15

[Interview with Dr Mahathir bin Mohammad, prime minister of Malaysia, by Mohammad Salahuddin and Kamaruddin Ja'far; date and place not given]

[Text] [Question] You have by now been prime minister of Malaysia for almost four years. Could you explain the policies you have been following in the fields of economic development, politics, international relations and Islam. How far do you think your vision has been achieved today?

[Answer] We intend to develop economically so as to be a par with the developed countries. Whether we admit it or not, all Muslim countries are economically subservient to the developed countries. There is no reason why they should permanently accept this status.

Politically we intend to be stable. We will fight against those people who try to weaken our country by splitting the Muslims. We have seen enough of internecine wars among Muslims to wish to protect Malaysia from this disease. Those who try to export this disease to Malaysia do a great disservice to Islam.

In terms of international relations we wish to be friends with everyone irrespective of their system or faith. We wish particularly to be friendly with Islamic countries; but we will not take sides in their feuds.

Although only 50 per cent of Malaysians are Muslims, Islam is acknowledged by all Malaysians as the official religion. As such, government policy is guided by it and its propagation is officially sanctioned and supported. Islam is a pragmatic religion which has in the past enabled peoples of all faiths to live in harmony in Muslim countries. The present trend, of making Islamic rule oppressive to Muslims and non-Muslims, is not a part of Islamic teaching. It is an aberration brought about by people with vested interests. Malaysia intends to practise the right teachings of Islam.

It is not for me to assess how far this vision has been achieved. That will be done by others in due course.

[Question] It is widely recognised that your views and style in politics are rather different from those of the previous prime ministers, in that you

usually prefer to confront issues and problems directly and openly. On the other hand Malaysia is said to be a "fragile" country due to its multi-racial and multi-religious formation. How then do you explain your approach?

[Answer] Malaysia is not so fragile. It has basic strength derived from the realisation of the multi-racial and multi-religious population that no one stands to gain by the kind of strife that we see in other, similarly-constituted, countries. Malaysia's approach has been successful since its independence. Different prime ministers may have different styles but the basic policies remain the same.

[Question] Malaysia is one of the few countries in the Muslim and Third World which is continuing to practise western democracy. How do you evaluate the Malaysian version of democracy?

[Answer] Your use of the term "western democracy" implies that democracy is a western system and anyone practising democracy must somehow be aping the West. It is a sign of a lack of self-confidence among Muslims that they consider anything done by Muslims as unoriginal.

Democracy is as much, if not more, a Muslim concept as it is a western concept. If anything, the feudalism and absolutism that are frequently practised in the Muslim world are not Islamic systems. If the democracy that we practise in Malaysia is "western" then the usage of English is also western. Just as the use of English will not make us less Muslim, the practice of democracy in Malaysia will not make us western.

We are a Malaysian democracy and we are as compatible with Islam as any country that is Muslim can be in this day and age. Islam was never meant to force Muslims to stagnate to their own detriment.

[Question] One of your recently-made policies announced a target of a 70-million population for Malaysia, compared to 15 million today. What is the reason for, and significance of, this policy in relation to your other policies?

[Answer] To be economically strong a country must have a large enough domestic market. Higher income is one approach towards creating a strong domestic market. Bigger population is another. If the productivity of the people can be increased, or even merely maintained, a 70-million population would provide Malaysia with the domestic strength that it needs.

From past performance it has been proved that an increase in population in Malaysia has not resulted in lowered income or higher unemployment. Prudent economic policies have enabled Malaysia, with a population of seven million and a per capita revenue of US\$300 on achieving independence in 1957, to become a country of 15 million with a per capita of \$2000 now. There is no reason why we cannot sustain this level of income if we increase our numbers to 70 million hard-working, productive Malaysians.

[Question] The government under your leadership has conspicuously embarked upon the inculcation of Islamic values as a matter of policy. This can be

seen in the establishment of the International Islamic University, the Islamic Bank, Islamic Insurance and so on. What is your rationale for this Islamisation policy and how, do you think, are the non-Muslims reacting to this?

[Answer] The Islamic University, Islamic Insurance and Islamic Bank can be set up without the spread of Islamic values. There are Islamic institutions in non-Islamic countries which do very well yet have not influenced the values of the people in those countries.

The Islamic value that we want to inculcate above all is the high sense of morality that is taught by Islam. We want to build a community which practises brotherhood among Muslims, tolerance towards non-Muslims who do no harm to Muslims, honesty in all our dealings, lack of avarice, discipline, cleanliness, honour, harmony, respect for elders, and so on. There is much lip-service among Muslims where these values are concerned. Thus Muslims are murdered in the name of brotherhood, promises made with no intention of keeping them, arrogance displayed even when possessing only a little power.

We recognise that some of the Islamic values which we want to inculcate are universal values but that does not make them any less Islamic.

Non-Muslims in Malaysia do not fear true Islam, particularly with regard to the values mentioned: they accept them. The problem is to try to get Muslims to practise those values and so gain greater respect and acceptance by non-Muslims. This we try to do by precept and by example.

God willing, if these values are practised the Muslims not only in Malaysia but everywhere else will become stronger and they will not longer leave their countries in order to seek refuge in non-Muslim countries. The Prophet's Hirjrah was not to escape from Muslims but from heathens who threatened his life.

[Question] How do you evaluate the success or otherwise of the Islamic University and Islamic Bank in achieving their objectives?

[Answer] The Islamic University and the Islamic Bank are functioning well. We cannot begin to evaluate them until after they have produced results: better-oriented graduates in the case of the former, and improved Muslim economic performance in the case of the latter.

[Question] There are those Muslims in Malaysia who say that you have not done enough for Islam or, even, that what you are doing now in the name of Islam is actually an effort to forestall the implementation of true Islam. What is your comment on this group and their views?

[Answer] There will always be Muslims (and non-Muslims) who will impute improper and wicked motives for whatever others do. I do what I feel are the right things to do for Islam. I am not doing this to please people for whom the Islamic injunction against "fitnah" [encouragement of strife] means nothing. In the eyes of these people you are damned if you don't, and you are damned if you do.

[Question] The party that you lead, UMNO, has been the party in power (in coalition with the other components of the National Front) since 1955. UMNO was, however, formed mainly to fight for Malay rights during the British colonial rule. Since then it has become the party of independence, of economic development and now of Islamisation. At the same time, the party has been rocked by accusations of communist infiltration in the 1970s and today by allegations of vote-buying during party elections. What are your comments on this situation and how do you foresee UMNO's future in the light of the above?

[Answer] While it is true that one of the objectives of UMNO is to strive for Malay rights (Malays, by law, are Malays only if they are Muslims), it is also true that the defence and propagation of Islam has been an objective of UMNO since its founding. The Constitution of the party clearly states this. The first step taken by UMNO after ensuring the special position of the Malays in Malaysia was to ensure that the Malaysian Constitution made Islam the official religion of the country. If the struggle for Malay rights had failed, the status of Islam would be the same as of other religions in Malaysia. The assimilation of Islamic values into the administration would then become difficult or impossible. It should always be remembered that without political clout the Malays would be quite helpless to do anything for themselves, or for Islam.

The struggle to spread and promote the correct practice of Islam is a continuous thing. And so as we go along we will be doing more and more for Islam.

The party has not been rocked by communists or by vote-buying. We are an open society and a vigilant one. We are as prepared to criticise ourselves as we are to criticise others. In other parts of the world such things would be swept under the carpet except when, periodically, people are arrested or executed.

UMNO will remain strong because the majority of UMNO members and leaders are clean and correctly-oriented towards the stated objectives of the party.

[Question] An important component party in the National Front government is the MCA (Malaysian Chinese Association). The party is now suffering from a major split, due essentially to a leadership struggle between two factions. What effects do you think will this have on the strength of the National Front, especially in view of the coming general elections--which must be held before April 1987?

[Answer] The MCA crisis will affect the strength of the National Front if it is not resolved before elections are held. However, we think it will be resolved.

[Question] Apart from the MCA, another National Front member, the Berjaya party, has lost control of power in the recent Sabah state elections. How do you account for this defeat? And what is your attitude towards PBS, the non-Muslim-led and non-National Front party which is now ruling Sabah?

[Answer] When a party loses an election the reasons are usually multiple. Personalities, policies, attitudes, and performance all add up when people are making their choice. In our system it is possible for a party supported by a minority of voters to get an absolute majority in terms of seats. We know this and we accept it. It is better than proportional representation, under which no single party would be able to have sufficient seats to form a government.

We accept the choice made by the people of Sabah. The relations between the federal government and the Sabah state government will be friendly but our view is that the National Front concept of multi-racial government would be better for Sabah. We will therefore watch the turn of events there.

[Question] Another major plank of your policies as prime minister is in the field of economic development. You have, among others, initiated the Look East policy, the heavy industry project, the national car project, privatisation, and Malaysia Incorporated. Can you explain the reasons for these policies and their achievements so far?

[Answer] All these policies are intended to make Malaysia economically sound and capable of rapid growth. A confrontational attitude between government and business in unproductive--for each really and truly depends on the other. We believe that the results have been good. Despite a worldwide recession, Malaysia has not only sustained but has actually exceeded its growth targets.

[Question] The fifth Five-Year Plan (1986-1990) will start next year. Can you elaborate on its main targets and strategies? And since 1990 is the target-year for the achievement of Malay economic standing commensurate with their population and sons-of-the-soil status, are you confident that the Fifth Malaysia Plan will be able successfully to conclude the New Economic Policy which began in 1970?

[Answer] The target of the Fifth Malaysia Plan is the same as that of previous plans. Certain emphases may change. The bad performance of tin and rubber exports, for example, point to a need for change in the agricultural and mining sectors. Large invisible deficits must be overcome by more direct trading and usage of our own ships and insurance. Currency outflows will have to be countered and the flow reversed by promoting domestic higher education and tourism.

The new Economic Policy will continue to be implemented especially in sectors which exhibit glaring disparities. There is a reasonable chance for the NEP targets to be achieved by the end of the Fifth Malaysia Plan.

[Question] It is obvious that foreign investments in Malaysia come mainly from the neighbouring ASEAN (Association of South-East Asian Nations) states and the West. Why is it that the Arab world investment in Malaysia is extremely small?

[Answer] Arab investors are looking for established high-performance companies into which to put their money. They are not interested in new

industries or in managing them. Malaysia does not have the kind of companies that Arab investors want. Our policy here is to promote new industries with new technologies intended mainly for export. High yields and capital gains are not common for such enterprises. Hence the lack of Arab interest in Malaysia.

[Question] The rising power of Vietnam in Indo-China as seen in its invasion and occupation of Kampuchea may lead to some sort of communist insurgency in the ASEAN states. Is there a possibility for a military accord between the ASEAN members?

[Answer] ASEAN will never be a military grouping. However, we do have bi-lateral military cooperation without becoming military alliances.

[Question] The location of Malaysia forces on her to shoulder some of the burdens facing the Muslim minorities in southern Thailand and the southern Philippines. Do you think that Malaysia has managed to undertake her human and Islamic responsibilities without provoking the neighbouring countries?

[Answer] Malaysia is interested in the welfare of Muslims in neighbouring countries and will intercede at diplomatic level on purely religious grounds on their behalf. We do not encourage or support insurgencies or rebellions. Political problems of Muslim minorities are the internal problems of the countries concerned. By the same token we would object to any attempt by foreign countries to get involved in our internal affairs.

[Question] When you took office in 1981 you rearranged Malaysia's foreign policy priorities by giving emphasis to the Islamic countries. Are you satisfied with your Islamic foreign policy?

[Answer] We are satisfied with the policy but not fully satisfied with the results. Muslim unity or even cooperation between Muslim countries is still very much a dream. Our policy alone will not yield results. We are, however, sufficiently encouraged to continue with the priority.

[Question] What is your opinion of the OIC? How do you evaluate its achievements and do you have any suggestions to increase its effectiveness?

[Answer] The OIC is slowly making progress. It would do better if it were not considered an extension of the Arab League. Muslims have not yet learnt the meaning of brotherhood of the umma as taught by Islam. Consequently their conflicts spill over into every one of their activities. The OIC is no exception.

[Question] You have spoken in the international forums in support of the Palestinian Liberation Organisation and the Afghan Mujahideen and, under your prime ministership, the PLO office here has been upgraded to diplomatic status while the Afghan Mujahideen have been given an office. What further steps do you think can Malaysia and the OIC take to further these Islamic causes?

[Answer] The best thing that Malaysia and the OIC can do for the PLO, and the Mujahideen in Afghanistan, is to give them complete, total support and to reject factionalism completely.

NEW CALEDONIA

REGIONAL ELECTIONS THREATENED BY RENEWED TENSION

Paris LE MONDE in French 7 Sep 85 p 20

[Text] The revival of tension being experienced by New Caledonia could force Pisani to retain his ministerial responsibility longer than anticipated, whereas it had been initially decided that the post of minister in charge of New Caledonia would be abolished following the regional elections and the implementation of a new territorial institutional system, that is to say, before the end of the year.

In order to avoid the "shamble" feared by the prime minister who voiced his concern on Wednesday night over Antenne 2, Pisani may have to extend his mission.

On the eastern shore of Grande Terre, Ponerihouen self-government activists threaten to boycott the 29 September regional elections if the family of Yann Devillers, the young mulatto who critically shot a young Melanesian on Wednesday (LE MONDE dated 6 September), does not leave the village. This stand is approved by the FLNKS [Kanaka Socialist Liberation Front] mayor of the community. Whereas the police had announced on Thursday afternoon that the scattered barricades, erected by the self-government advocates as soon as they heard about the incident, had been removed, the members of the Ponerihouen "FLNKS Struggle Committee" erected a new one on Thursday night on the one-way bridge over the Nimbaye River, near the village. This barricade cuts off the main line of traffic of the eastern shore.

According to a statement he made to the AFP [French Press Agency] on Thursday, Dick Ukeiwe, Melanesian leader of the Rally to the Republic for Caledonia (RPCR), believes that the man who shot the young Kanaka from the Mou tribe, in Ponerihouen, had acted "in self-defense." He added: "The Caledonians were in a 24-hour state of self-defense as soon as they realized that the police, which is supposed to maintain order did not interfere,

In another connection, on Thursday, the territorial assembly issued an unfavorable opinion, 26 out of 27 votes, about the draft order pertaining to the administrative organization of the territory which it had received from the minister in charge of New Caledonia, but whose text, as a rule, is neither officially drawn up nor published before the Council of State has given its opinion.

Twenty-five RPCR territorial advisers rejected this draft criticizing the risk of an "actual reshuffle" of the local institutions, which, in their opinion, could result from the set of orders being prepared by Pisani's cabinet. The National Front adviser expressed the same opinion, whereas Gabriel Paita, a moderate self-government advocate, was the only one to support the governmental draft. Fifteen territorial advisers, among whom were the elected representatives of the self-government movement, Socialist Kanka Liberation (LKS), did not attend this meeting.

In such a climate, preparations for the regional elections raise many uncertainties. Local authorities fear that the FLNKS will increase its harrassment of the police in order to pressure Kanaka voters who could be tempted to disregard its directives, while showing the Caldoches that, even in the event of a victory of the opposition in the March 1986 parliamentary elections, the self-government movement will not forgo controlling the terrain elsewhere than in Noumea.

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CSO: 4210/75

NEW CALEDONIA

SHOOTING INCIDENT LEADS TO POLITICAL UNREST

Paris LE MONDE in French 8-9 Sep 85 p 7

[Article by Frederic Filloux: "FLNKS Leaders Outflanked"]

[Text] For the past 3 days, a large section of the eastern shore of New Caledonia has been the scene of a mini-war of attrition between FLNKS self-government advocates and the police, the former rebuilding barricades as fast as the latter takes them down. Late in the afternoon of Saturday 7 September, (early morning in Paris), it looked as though the self-government activists had begun slowing down, but free circulation had not yet been restored northeast of Grande Terre.

The deed of a 22-year old mulatto, Yann Devillers, was the source of this new tension. On Wednesday night, going home from Houailou toward Ponerihouen, he was harassed by a group of Melanesians from the Mou tribe who, in their own words, "insulted him and hit his car a few times." Upset by this show of hostility--the FLNKS has been requesting the departure of the Devillers family for several months--, the young man, who has just completed his military service in Lebanon, went home, a few kilometers away, to get his magazine rifle.

On his way back to the Mou tribe, he met a state police patrol; he informed the policemen of his intent to "bash some Kanaka heads." Seeing the weapon openly resting on the back seat, the two gendarmes attempted to discourage the young man from carrying out his threat without being able to take his rifle, the car doors being locked.

When he turned back toward the family sawmill, the two gendarmes thought that he had given up his plan, but a few minutes later, Yann Devillers was back at the tribe's coconut grove where the Kanakas were picking up coconuts. He had barely gotten out of his car when he started firing some 20 shots at the feet and above the heads of the panicked Melanesians. It appears that 15-year old Sylviane Gorodu Mimbi was hit in the stomach by a ricochet bullet while she was protecting some young children. On Saturday, the teen-age girl was still in intensive care at the Noumea hospital; she suffered a perforated stomach and a liver wound.

Barricades appeared very quickly over 200 kilometers of the northeastern shore road, one of the most imposing having been erected on a metal bridge in

Ponerihouen. They are being constantly dismantled by the authorities, then rebuilt by the self-government advocates. The gendarmes threw hundreds of tear gas and offensive grenades to defend the bridge.

#### UPM To The Forefront

The most worrisome aspect of these incidents remains the fact that the self-government activists appear to be escaping all political and customary authorities. "Go away, for they are very excited and I am helpless," we were advised on Thursday by the president of the council of elders of the Mou tribe, who had just been taken to task by some activists. Some of the latter had painted "No to the elections!" on the road; a real political action reflecting the differences among the various FLNKS factions has been added to the reaction of anger. Most of the activists found around the barricades these last few days belong to the UPM (Melanesian Progressive Union) which has always shown much reticence about participating in the 29 September regional elections. There is a meaningful fact: The PALIKA (Kanaka Liberation Party) activists, who surely have the reputation of being tougher than those of UPM and who are very well represented on the FLNKS ballot for the northern region, stayed away for the most part from those of the UPM which is not on that so-called joint ballot. This explains the extravagant demands made by the UPM mayor of Ponerihouen, Richard Pourariwa, who, even if he remains open to dialog, is nonetheless very firm: "Expulsion of the Devillers family, expulsion of the chief of the Ponerihouen state police brigade and interdiction to all settlers to circulate among the tribes of the region," this latter demand being purely and simply equivalent to prohibiting non-Kanaka from being present on the eastern shore.

These demands are judged excessive by some FLNKS territorial leaders, particularly those of Noumea, who do not hide their concern for their difficulties with controlling these grass roots excesses. A PALIKA member told us: "To be sure, the Ponerihouen people bring to light a real grass roots trend, but they will certainly be forced to conform to overall discipline. Criticizing those whom he characterized as "irresponsible," a man close to Jean-Marie Tijibaou added: "We are still letting them do as they please for the time being, but we will put our foot down." It is probably to consider a call to order that the FLNKS leadership is to meet on Saturday, late in the afternoon, and use its authority. It cannot afford to see it challenged 3 weeks prior to the elections, whose outcome appears very uncertain in that part of the territory.

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CSO: 4219/75

NEW ZEALAND

DEFENSE EXPERT: ANZAC SECURITY LINK 'INVIOULATE'

Auckland THE NEW ZEALAND HERALD in English 14 Sep 85 p 3

Text The security relationship between Australia and New Zealand is bound to remain inviolate, an Australian defence researcher said yesterday.

Dr Desmond Ball, head of the strategic and defence studies centre at the Australian National University at Canberra, said this was because the two countries had a special relationship and common strategic circumstances.

It had become commonplace over the past 12 months to refer to the "Anzus crisis," he told the National Press Club in Wellington.

Some commentators in Australia had gone so far as to refer to the "death of Anzus."

Important

"It seems to me that when the controversy is placed in the perspective of the broader and important aspects of the Australian and New Zealand security relationship it is possible to conclude otherwise.

"I would go so far as to conclude that the mutual security relationship between Australia and New Zealand is and will inevitably remain inviolate."

Dr Ball was in Wellington to launch The Anzac Connection, a collection of essays from Australia and New Zealand contributors which is edited by him.

He said the Anzus dispute had led to the most serious disruption in relationships between New Zealand and the United States in the history of the alliance.

But it was also fair to say that the Washington-Wellington link had always been by far the least important in the alliance.

"The American corner has always been overwhelmingly dominated by Australia, with much of the United States-New Zealand connection being indirect through Australia.

"And since this remains the case, very little has changed because of the crisis between Washington and Wellington."

Dr Ball said the United States policy of neither confirming nor denying if its ships carried nuclear weapons was vacuous and did not fool the Soviet Union.

He said it was reasonably easy to tell whether a ship was nuclear-armed.

Dr Ball had been asked whether there was any strategic necessity or validity for neither confirming nor denying what was on a ship.

"I don't really believe so, because in fact it is reasonably easy to determine whether nuclear weapons are in fact in ships," he said.

Few Unknown

"Indeed that is why the New Zealand Government has moved to the position of taking responsibility for deciding whether those weapons are in ships or not, rather than insisting that the Americans provide some negative declaration."

Dr Ball said there was only a narrow band of ships that fell into the unknown category.

Any country with a reasonable intelligence organisation and with a reasonable knowledge of naval movements would be able to determine whether a ship had nuclear weapons.

"So they are certainly not fooling the Soviet Union. In that sense it is a rather vacuous principle."

CSO: 4200/17

NEW ZEALAND

POLL FINDINGS SHOW ANZUS APPROVAL, BUT NOT FOR NUCLEAR SHIPS

Auckland THE NEW ZEALAND HERALD in English 11 Sep 85 p 6

Editorial: "The Anzus Connection"

Text The Anzus dispute between New Zealand and the United States grows more complex with the finding of a New Zealand Herald-National Research Bureau survey that public attitudes remain as contradictory as ever. New Zealanders, as represented by the sample in the poll, show 71 percent support for belonging to Anzus and 59 percent opposition to visits by nuclear-armed warships.

At the same time, 59 percent of respondents support visits by nuclear-propelled but not nuclear-armed ships, a finding that could be reasonably supposed to refer chiefly to American warships.

The wish to belong to Anzus and the support for nuclear-propelled ship visits strongly suggest that anti-Americanism remains distinctly a minority attitude in New Zealand.

The anti-nuclear stance of (so the sample suggests) a substantial majority might be summed up as a sturdily independent feeling of "Don't bring those darned things here."

The distaste for nuclear weapons and even more, perhaps, for what they represent may seem strange to the Americans, who have lived with nuclear weapons for 40 years. But Washington will have to acknowledge the strength of New Zealand opinion on the matter and decide how heavy it wants to be.

New Zealand, too, may need to clarify its mind. A perspective on American attitudes was given in an interview, published yesterday, with Rear-Admiral La Rocque, who says that the Western alliance is not to preserve democracy but "to preserve the United States."

The remark sounds almost like an accusation, but it is really a commonplace. Any nation puts its own preservation foremost. The question for other countries is whether they reckon their own interests are served by standing alongside the Western superpower, which, despite obvious differences, has a way of life more attuned to ours than anything that comes out of the East.

The will of the West and the perimeters in which our system operates are constantly probed and tested. New Zealand's emphatic answer is that it wants to stand with the United States as a strong part of the perimeter. So far the Americans have insisted that we are not realistic to expect their help if we want ship visits on our own terms.

Mr. Palmer has a real problem during his visit to the United States, but the Americans may face awkward choices, too. Still, the pressure must be reckoned to be on Wellington. If the Anzus connection is lost, it seems that 71 percent of New Zealanders will not like it a bit.

CSO: 4200/17

NEW ZEALAND

DAILY ANALYZES RESULTS OF CER SESSION

Christchurch THE PRESS in English 11 Sep 85 p 16

Editorial: "Approval of C.E.R."

Text The annual meeting of the Australia-New Zealand Businessmen's Council, held in Camberra last week, was more remarkable for the spirit which prevailed than for any decisions. One of the outcomes of the Closer Economic Relations agreement has been that both New Zealand and Australia have found that trade has increased with the other faster than trade has increased with the rest of the world. The process of C.E.R. is that an automatic trade liberalisation is set in motion. Some trade has been excluded from this automatic process, but in terms of trade where the process has begun there is talk of an acceleration of the process. On the whole the two Governments would be sympathetic to such an acceleration and would no doubt be prepared to attend to any formal and legal work to see the trade freed more quickly.

The present Governments of both Australia and New Zealand have been elected since C.E.R. was negotiated. By one of those parallel circumstances which characterise New Zealand and Australia, both countries now have Labour Governments and both countries are in the mood to have the Governments stay out of economic planning as much as possible. By an even stranger parallel, the two Labour Governments are of a mood to be involved as little as possible in the running of the economies. They want to provide a context for the economies. They want to provide a context for the economies to run freely and to stay out of the way. There are important changes taking place in both New Zealand and Australia, including rationalisation of industry.

Under such circumstances, there is a temptation for countries to want to direct some of the rationalisation; but to do that, countries have to begin making decisions about the development of industries based on criteria other than that of the market place. Governments have to start "picking winners." There is little evidence to show that Governments are well fitted to decide what will sell, either immediately or in the long term. One paper was read to the meeting about the Governments taking a more central role in planning the economies of New Zealand and Australia. It might as well have been in a language noone at the meeting understood.

Everything appears to be going so swimmingly over C.E.R. that the president of the New Zealand Manufacturers' Federation, Mr Earl Richardson, wondered in his paper where it would all end. He did little more than raise the question, but said that in his view "there is a definite optimum limit to the rationalisation and integration of our two economies." What was not at all clear was whether Mr Richardson was raising real concerns within New Zealand industry or whether they were his own view. When the formal review of C.E.R. takes place in 1988 New Zealand and Australia will have to consider where they go from that point. Mr Richardson said that it could be an extension of the free trade area or some other form of relationship. The text of the statement issued after the Canberra meeting talked of the Confederation of Australian Industry and the New Zealand Manufacturers' Federation examining "differing assistance levels." The wording is curious. It could be assumed that if the two countries were looking at the tariff levels applied to other goods entering the countries or at other forms of trade protection, or at Government assistance to industries, then the least that was being talked about was a customs union. The wording was more cautious than that. There was obvious enthusiasm for C.E.R. but not so much that the meeting could be accused of rashness.

The meeting agreed that tourism should properly be recognised as an industry under C.E.R. There would seem to be important ways in which New Zealand and Australia could cooperate in promoting tourism. Certainly tourism is recognised in both countries as an important earner of overseas currency and it creates new jobs. However, experience has usually shown that the two countries work best in tourist promotion when they direct their efforts at countries which are far away. If someone is coming from Europe the idea that his or her tour would take in both New Zealand and Australia is more likely than if someone is simply coming from say Indonesia or Malaysia, or even Japan. The way in which the automatic removal of quota restrictions or tariffs can apply to tourism is not immediately obvious.

Nevertheless, C.E.R. is a wide-ranging agreement. What is immediately obvious is that there would be a great deal more travel between New Zealand and Australia if the air fares were lower. Whether that is achieved under C.E.R. or in some other way, the benefits of reduced fares to the consumer would be marked. An air of approval, such as characterised the Canberra meeting, would be apparent among the consumers in the C.E.R. countries.

CSO: 4200/17

NEW ZEALAND

LIVE SHEEP EXPORT OPPOSED

Wellington THE EVENING POST in English 10 Sep 85 p 14

Article by agriculture reporter, Anne Byrnes

Text Meat industry representatives and the animal welfare lobby are preparing to battle exponents of live sheep exports after a proposal to the Minister of Agriculture, Mr. Moyle.

The Meat Workers Union and the Society for the Prevention of Cruelty to Animals are planning action but won't say what they have in mind.

At the same time, Federated Farmers are considering militant steps, and believe farmers will be hostile if approval is not forthcoming on the mooted trade.

The proposal comes from Australian-based Elders group, which had "informal" talks with Mr Moyle on the matter about two weeks ago.

The company's New Zealand manager of development, Mr Sholto Matthews, is awaiting the Minister's response and is very positive about the proposal.

The company is involved in live sheep exports from Australia to the Middle East.

Jobs

The Meat Workers Union assistant general secretary, Mr Jack Scott, fears that thousands of jobs are at risk.

"There will not only be jobs lost in the freezing industry, but also in wool scours and tanneries," he said.

Mr Scott says the union has had no official assurance from Mr Moyle, unlike an edict issued from the previous minister, Mr MacIntyre.

The union also opposes the proposal on humane grounds, pointing to the Australian experience.

"We have documented evidence from our Australian counterpart of the cruelty and the way sheep die on the boats and are yarded up. There's a high mortality rate," Mr Scott said.

Meanwhile, the SPCA plans to approach the minister and will swing into action if the proposal is approved.

National director Mr Neil Wells said about 1500 sheep can die under normal conditions in shipment from Australia. About 100,000 sheep are usually transported in one load, he said.

However, higher mortality rates could be expected with sheep from New Zealand because of the extra week involved in transportation.

"We will certainly be mobilising opposition to the proposal," Mr Wells said.

The Meat Industry Association also opposes the proposal, fearing for jobs in many sectors including watersiders, trucking contractors and stock and station agents.

#### Turndown

However, feelings are running just as high in the opposition camp.

Federated Farmers president Mr Peter Elworthy said farmers will not accept a turndown to a reasonable proposal.

"We have considered action. But I am not prepared to make that public at this time. Farmers would view a denial to a reasonable proposal very seriously," he said.

About three live sheep shipments left New Zealand for the Middle East in 1975. Strong public opposition was expressed, and the Government placed a ban on the trade.

However, New Zealand sends live sheep overseas for breeding purposes and has sent up to 30,000 sheep to Romania in one year.

The Ministry of Agriculture and Fisheries animal health director, Dr Peter O'Hara, said vast improvements have been made to shipping techniques since 1975.

Through the shipping of live sheep for breeding, New Zealand has gained experience which would certainly help if sheep were exported for slaughter, he said.

A spokesman from Mr Moyle's office said he did not know whether the matter had been referred to the ministry.

However, one of the first departments to hear would be animal health, and Mr O'Hara said he had not received any word from the minister's office.

CSO: 4200/17

NEW ZEALAND

EDITORIAL RESPONDS TO EEC OFFICIAL'S BUTTER WARNING

Christchurch THE PRESS in English 9 Sep 85 p 20

/Editorial: "Blunt Talking on Butter" /

Text The European Economic Community's Commissioner for Agriculture, Mr Frans Andriessen, has spoken bluntly in his presentation of the community's view of New Zealand's dairy surplus. While visiting New Zealand last week, Mr Andriessen issued an aggressive warning to this country's dairy industry. According to Mr Andriessen, all dairying nations must cut their production at a time when the world market is grossly oversupplied. The E.E.C., he said, is doing its best to solve overproduction in Europe and New Zealand should also reduce its production.

By going on the attack, Mr Andriessen might hope to put New Zealand on the defensive in the continuing battle over access to the European market for New Zealand dairy products. A further round of negotiations is required soon to set the quotas for New Zealand butter exports to Britain for 1987 and 1988, and to settle arrangements for continued access after 1988. Mr Andriessen might be trying to set the scene for these negotiations with as much advantage to the E.E.C. negotiators as possible. Mr Andriessen also has a political problem at home. He is trying to gather support for a further attempt to cut dairy production in the E.E.C. He is more likely to get that support from European farmers if he is seen to be tough with their competitors abroad.

As the world's largest importer and second largest exporter of agricultural products, the E.E.C.'s position on agriculture in the multilateral trade negotiations of the General Agreement on Tariffs and Trade is important. Both the E.E.C. and New Zealand have agreed that a new round of negotiations should begin at an early date. The E.E.C. has shown alarm at what it sees as growing protectionism by the United States, and Mr Andriessen might not be unhappy if his remarks are viewed by third parties in a broader context than just trade in dairy products, or are understood as signals of E.E.C. attitudes to more than just agricultural trade.

Whatever motives can be attributed to Mr Andriessen's comments, they must have caused some consternation at the New Zealand Dairy Board and among dairy company managements. His off-hand dismissal of the New Zealand dairy industry's decision to ban new milk suppliers from next month for at least a year as "too short-term" was a disappointment, even though he has recognised its force as a

voluntary decision within the industry and that, with an eye to the Europeans, the dairy companies, supported by the board, adopted the ban. They felt that, by making a visible effort to cut local production, the industry would be in a better position when it came to argue for continued access to the E.E.C. Yesterday, Mr Andriessen allowed that he would have given greater credit for the decision if he had been aware that the industry had come to it of its own accord.

By proposing that New Zealand should cut its dairy production further, Mr Andriessen suggests that the industries here and in the E.E.C. are somehow comparable. They are not, Dairy farmers in New Zealand are highly efficient and only lightly subsidised; their counterparts in the E.E.C. are for the most part much less efficient and receive big subsidies under the community's Common Agricultural Policy. This policy uses taxpayers' funds and encourages the production of mountains of unwanted surpluses that have to be sold on the international market at subsidised prices.

Selling off the European butter mountain -- more than a million tonnes of it, or roughly equivalent to six years of New Zealand's production -- not only reduces New Zealand's markets outside the E.E.C. but seriously depresses the world price. After negotiations in the International Dairy Arrangement, New Zealand has agreed to a waiver that will allow the E.E.C. to sell stocks of ageing butter at prices below the G.A.T.T. minimum, but under conditions that will protect the sales of other exporters. This derogation, and the ban on increasing the number of milk suppliers for at least a year, have not been easy accommodations for New Zealand to make. They have been made, however, and in light of them Mr Andriessen's advice to the New Zealand industry seems ironic.

CSO: 4200/17

NEW ZEALAND

OIL SOURCE COULD PROVIDE 15 PERCENT OF DOMESTIC NEED

Auckland THE NEW ZEALAND HERALD in English 10 Sep 85 Sec 3 p 1

Text Continued development of the Toetoe oil resource in North Taranaki would provide New Zealand with up to 15 percent of its oil needs, saving up to about \$200 million annually in foreign exchange, says the Petroleum Corporation of New Zealand (Exploration) Ltd.

Petrocorp makes the statement in a report on planning and environmental implications pending the hearing of its application under the Town and Country Planning Act to further develop the Toetoe oilfield.

Toetoe is an extension of the McKee development.

Construction of the production station in Clifton County and its wellhead and pipeline facilities was completed in 1984.

The first oil flowed into the production station on November 5, 1984, and one million barrels had passed through it by June 19 this year.

Recently oil began flowing from the Toetoe 2 well in Clifton County to the production station and building of the Pukemai and Tuhua flowlines was nearly complete, Petrocorp said.

Petrocorp proposes to build a private bridge across the Waitara River for traffic and pipelines for the Toetoe development.

Planning consent was also being sought for interim production from wells on the Toetoe 1 site before their connection to the production station.

The Toetoe oilfield, south-southeast of the McKee and Pouri fields, was found in October 1984.

Exploration well Toetoe 1, which was drilled from a new surface location about 1.4 kilometres south-southwest of McKee 1, confirmed the presence of hydrocarbons by encountering a fully oil-bearing McKee formation on the central part of the Toetoe overthrust structure.

The well was then completed as an oil producer last October.

Toetoe 2 was completed in January this year as an oil producer and the completion of Toetoe 3 followed in March.

NEW ZEALAND

DOUGLAS: MORE GOVERNMENT STOCK SALES, NO POLICY CHANGE

Auckland THE NEW ZEALAND HERALD in English 13 Sep 85 Sec 2 p 1

[Text] A probable increase in sales of government stock in the present financial year was announced by the Minister of Finance, Mr. Douglas, yesterday.

But he said the revised programme did not involve any change in the Government's monetary policy.

The Government would continue a steady programme of stock sales through borrowing from the private sector, Mr. Douglas said.

Such sales provided for the refinancing of maturing debt, as well as the fiscal deficit and other public sector injections.

The \$300 million tender scheduled for next Thursday was slightly higher than previously intended, Mr. Douglas said.

This reflected a borrowing requirement for the full year which was likely to be above the \$2 billion expected last June.

Factors

The Government now expected a need to raise between \$700 and \$900 million in the three tenders scheduled for the December quarter.

Mr. Douglas said the amount raised to December would therefore rise to between \$2 and \$2.2 billion.

Among the factors responsible for the change was the continued high level of net redemptions of retail stock, which could not be accurately forecast in advance.

Mr. Douglas said the redemptions needed to be refinanced by selling additional stock through the tender system.

Fringe benefits tax revenue, below the original forecasts, was another factor.

He said minor increases had occurred above forecast levels in a number of areas, including the requirement to make a \$26 million indemnity payment to the Development Finance Corporation.

It was too early to specify the net effect of the changes but he would keep the market fully informed about likely developments in future liquidity flows.

The early warning of a likely increase in the December quarter stock sales programme was in line with this policy.

Mr. Douglas emphasised that there would be no change in the policy of fully funding net public sector injections over time.

The borrowing programme would continue to be adjusted to take account of any new information on prospective public sector injections and the market would be kept informed of any changes.

#### Reserves

Mr. Douglas said that the debt sales programme for the December quarter would fall well short of the expected public sector injection of funds into primary liquidity during this period.

This reflected a need to allow the financial system to build up its holdings of liquid reserves in advance of the March tax drain.

Mr. Douglas cautioned financial institutions not to misinterpret the net injection of funds during the next few months.

"It does not signal any easing of our monetary stance--it is purely a seasonal buildup before the tax drain.

CSO: 4200/17

NEW ZEALAND

INCREASED RATES FOR GOVERNMENT STOCK FORECAST

Auckland THE NEW ZEALAND HERALD in English 13 Sep 85 Sec 2 p 1

Article by J.A. Helm

Text Interest rates were yesterday widely tipped to rise rather than ease in next week's bigger than expected \$300 million Government stock tender.

The tender, announced by the Reserve Bank yesterday, will offer \$50 million of March 1987 stock, \$150 million of March 1991 stock and \$100 million of August 1993 stock, on a coupon of 16 percent.

The results will be announced next Friday. The following tender has been set for October 17.

In the last tender held in July yields on successful bids for the 1987 stock ranged 18.03 to 18.2 percent with a weighted average of 18.175 and those for the 1995 stock 17.6 to 17.94 with a weighted average of 17.857.

Stock with a 1993 maturity has not been offered in tenders before.

Money market dealers interpreted the size of the tender as an indication that the Government was not about to waiver from its tight monetary stance.

It was unlikely that rates would ease -- indeed they were likely to rise. Domestic demand was limited and unless there was heavy offshore bidding rates would rise.

Market "Dead"

Dealers said it was hard to ascertain the likely level of offshore interest. The eurokiwi bond market was "dead" at the moment and overseas investors probably had enough New Zealand investments for the time being.

There were predictions that the five-year stock (1991 maturity) could reach 19 or 19.5 percent while the shorter-dated 1987 stock was likely to reach 22 percent or even more.

Predictions on the 1993 stock were harder to make as it had never been offered before. Many dealers said it was probably not what the market wanted.

The market might have preferred 10-year stock, they said. The reason for the 1993 stock being offered was said to be so the Reserve Bank could spread stock maturities better.

One dealer took a stab, saying if the 1991 stock went at 19.5 percent, logic would suggest a rate of about 19 percent for the 1993 stock.

The secondary market reacted aggressively to news of the terms of the tender with small amounts of 1991 stock trading at 19.1 percent. There were buyers for 1987 stock at 22.25 percent.

Rates on the money market climbed as expected but not to the degree widely tipped earlier in the week. The call rate lifted to 25 percent but later eased to close at 22 to 23.5.

Dealers said the call rate rose because the Reserve Bank predicted the system would be some \$40 million down. In fact the system was up and that saw the rates ease.

#### Dollar Firms

The bank said the system would be down today and there was little argument with that forecast. Rates will probably firm. Earlier predictions of a blow-out in rates as tax cheques hit the system are now discounted.

On the foreign exchange market the New Zealand dollar firmed against both the United States and Australian dollars. The kiwi closed at 52USc, up from 51.7c on Wednesday. Yesterday's trading range was 51.6c to 52.05c.

The cross rate with the Australian dollar was 77.38c compared with 76.7c on Wednesday.

Dealers said some buying interest during the morning had caught the market a bit short of kiwis and traders had to buy to cover themselves. A slight easing of the United States dollar may have also helped to buoy the kiwi,

The American dollar closed at 2.9630/40 West German marks compared with the opening of 2.9655/70 marks. The Asian markets were cautious in dollar trading ahead of economic indicators due for release today.

The Reserve Bank exchange rate index closed at 69.6, up from 69.3 on Wednesday and 69.5 at the opening yesterday.

CSO: 4200/17

PHILIPPINES

COLUMNIST CRITICIZES PLEAS FOR U.S. INTERVENTION

HK231202 Manila PHILIPPINES SUNDAY EXPRESS in English 22 Sep 85 p 5

["Reflections" by Father Miguel Bernard, S.F.: "Should Filipinos Appeal to the United States?"]

[Text] According to my informants a letter has been sent to the United States Congress describing the troubles in the Philippines and urging the US government to take appropriate action. The letter was drafted by Americans.

If all the signatories had been Americans, we should have had no comment to make. After all, Americans have the right to communicate with their president or their congress or with other officials of their government.

There are of course some who feel (with some reason) that Americans living and working in the Philippines should not ask the US government to intervene in Philippine affairs. It was a wise American businessman who said to his fellow countrymen (in my presence): "If you don't like the heat, get out of the kitchen."

But to come back to the letter to the US Congress: I am told that it was signed not only by Americans but also by some Filipinos.

That calls for reflection and comment.

There is first the matter of propriety. The question might be put this way: Is it proper for Filipinos to appeal to a foreign government regarding the internal affairs of the Philippines?

But it is not merely a question of propriety. There is also the matter of practicality.

Remember Cuba? The Cubans did not like the Battista government and so they asked the US to support a revolution headed by a man who was described in the US press as a man of integrity, of absolute honesty, a man thoroughly fair, just, Uprighteous and trustworthy. His name was Fidel Castro. So the US government helped to dispose Battista and install Castro. And both the Cubans and the Americans have been regretting it ever since.

In this column several years ago we mentioned an incident which perhaps is worth recalling. It was a conversation that several Filipinos (myself included) had with a political counsellor of the US Embassy in Manila. It was at the height of "escalation" in Vietnam under Lyndon Johnson, when there were half a million American troops in Vietnam and enormous quantities of supplies and equipment were being sent there. The American counsellor was complaining that the Vietnamese war was costing billions of dollars to the American taxpayers. I said (somewhat unkindly): "But Mr Counsellor, you really should not complain. After all, the Vietnam escalation is your own doing.

"How so?" he asked.

I said: "By destroying the stable government of Ngo Dinh Diem, you find yourselves bolstering up a series of unstable governments. That's your own fault, isn't it?"

He said: "But we had [in italics] to destroy Ngo Dinh Diem."

"Had [in italics] to? Why?"

"Because he was corrupt. A nepotist."

"Assuming that that is so," I said, "does that give the United States the right to remove Marcos and put in someone else?"

He still did not answer, so I added: "If there is to be a change of government in the Philippines, it must be done by us Filipinos, not by you Americans. Don't you agree?"

He said nothing. Presumably he did not agree.

CSO: 4200/1588

PHILIPPINES

PROVINCIAL GOVERNOR URGES MARCOS TO REIMPOSE MARTIAL LAW

HK120321 Manila BULLETIN TODAY in English 11 Sep 85 p 5

[Article by Antenor B. Parazo]

[Text] President Marcos was urged yesterday to reimpose martial law and form a coalition government to be composed of the present leadership and opposition stalwarts as a solution to the present crises that have bogged down the progress of the government's economic recovery program.

The proposal came from Isabela Gov. Faustino N. Dy who is in Manila to lead some 200 Isabela officials in greeting the President on the occasion of his birth anniversary today.

In an interview with newsmen at his Greenhills residence (San Juan), Governor Dy pointed to the need for stronger measures to counter the advance of lawless elements, including the insurgents.

"There have been rampant killings of innocent people during the last two years and a big slowdown in the government effort to promote the economy," the governor said. "Martial law is the only answer to this slaying rampage," he declared.

Governor Dy urged the President to declare a general amnesty for all political detainees, including members of the Communist Party of the Philippines and its military arm, the New People's Army, except those against whom charges of murder have been filed before the courts.

"All political detainees in military stockades and in jails must be released immediately following the declaration of general amnesty, in order to give substance to the amnesty," the governor said.

As regards his suggestion for a coalition government, the governor said opposition leaders must be invited to join the government and given corresponding authority and responsibility in running the government, including the formulation of plans and in decision-making.

This is only in conformity with the President's long-pronounced desire for reconciliation and the participation of the opposition in managing the affairs of government, he said.

But for the coalition government to be credible, Governor Dy explained, there should be a general revamp in the government. All officials who have had shady dealings in the past and caused so much embarrassment to the administration must be made to resign and be replaced by honest-to-goodness ones.

All these efforts towards building up credibility for the administration would fail if those who had caused the present crises in the nation's economy as well as government credibility remain in government, the governor warned.

The governor also dismissed plans for a snap election as detrimental to the interest of the country and the people.

A snap poll will only drain so much money which should otherwise be spent in various welfare projects, he said.

CSO: 4200/1590

PHILIPPINES

COMMISSION HEAD CALLS FOR SNAP ELECTIONS LAW

HK120333 Manila PHILIPPINES DAILY EXPRESS in English 11 Sep 85 p 2

[Text] Comelec [Commission on Elections] Chairman Victorino A. Savellano yesterday urged the Batasang Pambansa to enact a law for the holding of snap elections for president and vice president in case of disability, death, resignation or impeachment.

Savellano also recommended legislation calling for special elections to fill vacancies in the Batasang Pambansa caused by the death of the incumbent or failure of an elected member to qualify.

The Comelec chief said the legislative body should also provide for the automatic release of funds of the Comelec from any unspent balance in the National Treasury in the event a special election is called.

According to Savellano, the other members of the poll body shared his view concerning the need for the Batasan to provide for such contingencies before they occur.

The Constitution provides that in case a vacancy in the office of the President occurs before the presidential election in 1987, "The Batasang Pambansa shall, at 10 o'clock in the morning of the third day the vacancy occurs, convene in accordance with the rules without need of a call and within seven days enact a law calling for a special election to elect a President and a Vice-President to be held not earlier than 45 days nor later than 60 days from the time of such call."

Savellano, however, said there is no certainty that the procedure outlined in the Constitution would be followed. He said that during the hiatus, situations may arise that would make it impossible to hold special election or even for the Batasan to convene to enact a law calling for such election.

On the part of the Comelec, Savellano said, the enactment of such a law would be highly desirable as it would enable it to start preparing for the polls the moment the contemplated vacancy in the presidency occurs.

CSO: 4200/1588

PHILIPPINES

EDITORIAL SUPPORTS DECISION AGAINST SNAP ELECTION

HK191045 Manila BULLETIN TODAY in English 18 Sep 85 p 6

[Editorial: "Averting a Crisis"]

[Text] There is much truth in the observation of Member of Parliament Arturo M. Tolentino that the decision of the KBL [Kilusang Bagong Lipunan] against holding a snap election averted a crisis and contributed to national unity.

In order to fully appreciate the observation, we may draw a scenario of what might happen in the event a snap election is scheduled.

First of all, the President has to resign from office. Since he is no longer President, he has to vacate the palace. That event alone will cause a stir here and abroad. It will be degrading to the President.

Upon resignation, the President will no longer be the Commander-in-Chief of the Armed Forces. That responsibility will devolve on the acting president, who is the speaker of the Batasang Pambansa. That will pose some difficulties because at a time like this the necessary rapport between a president and the Armed Forces is not, as the textbooks assume, something that comes automatically. From the practical point of view--the view that matters most--there must be an element of personal loyalty for the acting president to effectively control the Armed Forces.

On the other hand, effective control of the Armed Forces at this time is a sine qua non to an orderly election. In the absence of effective control, the purposes of a snap election may be thwarted by the very process that makes such an election possible.

Another question is the enactment of a law calling for a special election. In the event of a vacancy due to resignation, should such a law be enacted before resignation or after the vacancy occurs? A snap election poses too many complicated questions that can give rise to a political crisis.

CSO: 4200/1590

PHILIPPINES

OFFICIAL PROPOSES TO ORGANIZE MILITIAMEN INTO MILITARY UNITS

HK171228 Manila PHILIPPINES SUNDAY EXPRESS in English 15 Sep 85 p 3

[Text] Legaspi City--Deputy Defense Minister Jose M Crisol said Saturday that local militiamen should be organized into military type formation to prevent them from feeling as if they were mercenaries.

In a conference with military commanders at Camp Bagong Ibalon, this city, Crisol said that under the present setup, the loyalty of the militiaman is to the unit to which they are assigned, leading to animosities between certain CHDF [Civilian Home Defense Forces] units in the field.

Formation of militiamen into platoons, companies, and battalions will enable the military to provide CHDF units training on small unit tactics, which would make them better fighters, he said.

In a briefing, Brigadier General Renato S. De Villa, AFP [Armed Forces of the Philippines] acting regional unified commander for the Bicol region, said the communist New People's Army has stepped up its propaganda campaign to discredit the government by harping on the alleged abuses committed by military and policemen "whether true or imagined."

In Camarines Sur, De Villa said, the rebels invite newsmen not only for press conferences but also to attend the celebration of certain anniversaries and events in an effort to win the journalists over to their side.

While the media in Bicol has not been infiltrated by the rebels, the situation is "critical," De Villa said.

Lieutenant Colonel Angel Atutubo, 3rd military police commander, said during the conference that an Iglesia ni Kristo [INK] minister and his companion who were kidnapped by NPA rebels last August 29 were released unharmed 5 September. No ransom was paid, he said.

He said Reverend Wilfredo Cobacha and Arnel Rellores were kidnapped by NPAS on suspicion that Cobacha is a government informer.

The two were abducted in Barangay Paulba, Ligao, Albay, where Cobacha was visiting INK faithful. The NPA kidnap band was led by Tobias Binan alias Ka Gerry, Atutubo said.

On alleged human rights violations, Crisol said there has been a sharp decline in the number of complaints in the Bicol region this year.

Crisol, who is the chairman of the Defense Ministry Committee on Human Rights, said his office usually receives some 100 complaints a year but so far, only four or five have been filed in 1985.

De Villa reported that all of the complaints of human rights violations allegedly committed by soldiers and policemen in the region have been investigated and the alleged perpetrators have been charged before various fiscals' offices or court martials.

CSO: 4200/1588

PHILIPPINES

ARMY, NPA CLASHES DISPLACE THOUSANDS IN ZAMBOANGA

HK101222 Manila BULLETIN TODAY in English 9 Sep 85 pp 1, 18

[Article by Tony Rimando]

[Text] Dipolog City--About 10,000 residents of mountain barangays in Zamboanga Del Norte are reportedly suffering from hunger and sickness after they evacuated from their homes allegedly because of armed clashes between government forces and New People's Army (NPA) rebels, it was learned here yesterday.

Reports said the encounters between soldiers and rebels have been going on for the past two months. Most of the displaced families came from the hinterland barangays of the municipalities of Tood, Polanco, Manukan, Sindanganxplznd Punot.

In Dipolog alone, at least 2,000 families have put up temporary shelters in the cities or coastal areas, city mayor Roseller Barinaga said.

Barinaga said he has requested the Ministry of Social Services and Development (MSSD) and the Philippine National Red Cross to assist the evacuees immediately because the latter have run out of food supplies they had brought from their mountain barangays.

A similar situation was reported from the other evacuation areas in the province.

The report said many of the evacuees who are mostly poor farmers had run out of money, which they raised from sale of their working animals at giveaway prices.

Regional Assemblyman Franklin Ubay said he recently authored a resolution at the Batasang Pambok of the autonomous government requesting the First Lady and Human Settlements Minister Imelda R. Marcos secure necessary food supply and medicines for the displaced families.

"If the first lady's help will not arrive on time, we fear that many evacuees, especially children, might ultimately die of hunger or sickness," Ubay said.

Many of the evacuees have reportedly refused to return to their mountain communities for fear that they would be caught in the crossfire during encounters between soldiers and rebels.

Some said they were afraid to return home since they could no longer withstand the atrocities of the dissidents when they could not give them financial and food contributions.

Others said they were afraid of the government troopers who allegedly suspect them of being rebel sympathizers.

CSO: 4200/1590

PHILIPPINES

MILITARY SAID SOURCE OF CORDILLERAS EPIDEMICS

Quezon City ANG PAHAYAGANG MALAYA in English 7 Aug 85 p 9

[Text]

BAGUIO CITY - The vast Cordillera mountain ranges in Northern Luzon — the scene of many armed clashes between government troops and New People's Army guerillas for the past 10 years — have become the battleground in a new type of war. In clusters of villages reached only by hours of walking along rice terraces and thick forests, people hold vigils as *cantos* (rituals) are performed with the beating of *gangsa*s (bronze gongs) to spread the word that another member of their tribe has died.

Diseases like typhoid and malaria have stricken several Igorot tribal villages lately, leaving several people dead and many more unable to work or forced to lie in mats made of reeds to await their fate. No drugs let alone doctors, are available to care for the sick or dying. And the government does not seem to be alarmed.

Epidemics, particularly in Mt. Province and Kalinga-Apaya, appear to have set in in the wake of intensified counterinsurgency operations by the Philippine military. Many tribal leaders also claim that the military, in one way or another, have something directly to do with the persistence of these epidemics.

Last June, in Dananaw, a barrio (village) north of upper Tinglayan town, Kalinga province, a student of the Laffi community fell ill with typhoid fever. He was being rushed to a town health center for treatment but the way was blocked by a group of soldiers along a route that had been declared "no man's land" (or free-fire zone). The victim died on the way back to Laffi. By that time, the disease had already spread to several households and in the nearby communities of Tocucan and Dumaneg. Nineteen persons have so far died in the epidemic which at this writing is still raging among Dananaw's 1,300 inhabitants.

Late last year, in barrio Buscalan (also in Tinglayan), a father was carrying an ailing child to a hospital in Bontoc, the

town capital of Mt. Province. Before he could go farther, the father was stopped by a Capt. Calimag in barrio Mar-o (which was declared "no man's land") and was told to go back to Buscalan and take another route for Bontoc. Taking this separate route would have meant five hours of hiking along mountain trails. The child was dying but the father's pleas to be allowed passage were reportedly ignored by the military officer. The child subsequently died. Five other sick persons also died in the same circumstances.

The current spread of diseases like typhoid, malaria, pneumonia and gastro-enteritis has coincided with the intensification of the military drive against NPA guerillas in Mt. Province and Kalinga-Apaya. And the deterioration in the liveli-

hood of the villagers brought about by the military operation has prolonged the course of the epidemics.

As the military mounts campaigns against Communist-led guerillas in the mountain provinces, entire villages are forcibly evacuated or families forced to abandon their homes for fear of military harassment. Many families are restricted in "strategic hamlets" which have been hastily put up along the roads, particularly in communities declared "no man's land" and where soldiers are free to shoot anybody. Several villagers spotted outside their barrios have been reportedly slain or arrested and beaten up by soldiers.

Military detachments and blockades dot the roads and foot trails which serve not only to

prevent villagers from leaving their barrios but also to sequester food supplies, particularly rice, which the soldiers suspect are being sent to NPA camps. Curfew hours have also been enforced in certain barrios.

With the Igorots already living marginal lives and malnutrition rampant in most households, survival has now become a daily struggle especially in communities targeted by military operations. If the spread of diseases in these communities is unchecked, the pangs of hunger may yet turn into a wave of mourning in many Igorot villages. This fate is being hastened not only by the lack of medical facilities or health personnel but also by the use of military force to prevent the sick from having access to already limited medical facilities.

A medical and relief mission which visited disease-stricken communities last July 10-14 found out that since the report of a typhoid epidemic in November last year, no doctor had visited those barrios. The health ministry has not responded to the appeals by Mt. Province health officials and the Cordillera People's Alliance for

immediate medical relief.

Even efforts by non-government organizations to bring medical relief to the epidemic-stricken villages are reportedly being dampened by zealous military men. A medical team, part of the fact-finding and medical mission that visited Mt. Province and Kalinga, was stopped by soldiers from performing medical services. Its members were instead brought to a detachment where they were interrogated for three hours. Only when satisfied that they were not guerrillas did the soldiers allow the medical workers to leave:

In their July 25 report, members of the fact-finding and medical mission said "...while poor sanitation is apparently at fault for the spread of some diseases, militarization has made its contribution to the 'national' death rate."

According to the report, 16 people were still suffering from typhoid in Dananaw while most of the children there had upper respiratory infections and rheumatic diseases. Dananaw, the report added, seems to be a "sick community and every home seems to have someone with an ailment." Other diseases

common in that barrio include pulmonary tuberculosis and malnutrition.

In Buscalan, meanwhile, goiter, rheumatism, malnutrition and pediatric diarrhea are very common.

A medical mission that visited Tabuk town in Kalinga also reported that intensified militarization in the province has closely coincided with the increase in the incidence of deaths due to gunshot wounds.

Even without the militarization that compounds the health conditions of the people, infectious diseases are already widespread in the Cordilleras. Poor hygiene and low body resistance to diseases as a result of malnutrition are major causes of the outbreak of epidemics. On the other hand, the Igorots themselves blame the government for neglecting their medical needs.

As the Ecumenical Movement for Justice and Peace, a church-based human rights group, stated, "Epidemics like malaria and typhoid have broken out in these areas and yet the government has not even lifted a finger. Diseases and common illnesses have claimed many lives and still the government prefers to be deaf, dumb and blind."

CSO: 5400/4429

PHILIPPINES

DAILY CREDITS MARCOS' ADMINISTRATION WITH ECONOMIC RECOVERY

HK230951 Manila BULLETIN TODAY in English 21 Sep 85 pp 1, 10

[Text] The Philippine economy, marked by a debt crisis and severe constraints on financing, is beginning to show signs of recovery after posting a negative growth last year.

These initial signs of recovery are due largely to the measures adopted by the administration of President Marcos which aims to normalize economic activity, achieve financial stability and promote growth.

The measures include the negotiations for new money and the rescheduling of foreign debts, the reduction in the government's budget deficit, the taming of inflation and the improvement in the balance-of-payments position.

The combination of these fiscal and monetary measures has managed to put the economy back on its feet, and initial indications point to their success.

Statistics show that efforts to reduce the balance of payments [BOP] deficit have been very successful. From a deficit of \$2.1 billion in 1983, an overall BOP surplus of \$258 million was recorded in 1984. For the first six months this year, a BOP surplus of \$2.2 billion was achieved.

Monetary authorities attributed the huge BOP surplus to the significant decline of the current account deficit which dropped from \$2.75 billion in 1983 and \$1.12 billion at the end of 1984, to only \$1.115 million during the first half of this year. This means there have been increases in export earnings and remittance of foreign exchange, including those coming from Filipino overseas workers while imports were effectively reined in.

Government efforts to contain inflation by controlling money supply have resulted in the sharp drop in the inflation rate from a peak of 63.8 percent in October last year, to 50.8 percent in December.

Latest data from the National Census and Statistics Office (NCSO) show that inflation has dropped further to 15.83 percent in August, significantly lower than the January figure of 45.26 percent.

By year end, the inflation rate is expected to drop to between 10 to 15 percent, boosting hopes of attaining the targeted average inflation rate of 20 to 25 percent for the year.

The reduction in the inflation rate was achieved mainly as a result of the tight monetary policy adopted by the Central Bank to control the level of money supply. This was done through the sale of high-yielding government securities which effectively mopped up excess pesos from the system.

The recent relaxation of credit policy by the Central Bank and the sharp decline in the interest yields offered by government securities have led to the reduction in interest rates.

Lending rates which peaked at more than 40 percent a year ago have gone down to more than 20 percent. The decline in interest rates is expected to stimulate investments and increase import demand.

Another achievement in the economic program is the stabilization of the peso exchange rate against the US dollar. From a level of P[pesos]20 to a dollar in mid-October last year, the peso has significantly appreciated against the American currency.

As of last Thursday, the peso exchange rate against the US dollar stood at P18.622.

On the fiscal side, austerity measures adopted by the government have succeeded in effectively reducing the budgetary deficit to only 2.7 billion in the first six months of this year from 9.8 billion at the end of 1984.

However, efforts by the government to spur the economy by spending money on business boosting projects has raised the deficit. More effective measures are now on the drawing-boards to reduce the deficit.

A significant boost to the economy, which has been in a serious foreign exchange crisis, is the successful conclusion of the negotiation for new money and the rescheduling of foreign debt.

In late December last year, the International Monetary Fund approved a \$610-million standby credit facility for the Philippines through which the country has drawn \$188 million.

New money amounting to \$925 million and a revolving, short-term credit facility amounting to \$3 billion are expected to provide financing for the import requirements of domestic industry.

On the other hand, the rescheduling of \$5.8 billion in commercial debt and \$1.1 billion from official foreign government sources is expected to ease the debt service difficulties of the country.

CSO: 4200/1590

PHILIPPINES

PRIVATE ANALYSIS SAYS MARCOS IN DIFFICULT SITUATION

HK160845 Quezon City VERITAS in English 8 Sep 85 p 17

[Text] The government of President Ferdinand Marcos is in a difficult situation, trying to balance the demands of foreign creditors with the prospect of popular protests these belt-tightening measures will trigger, an analysis paper prepared by a group of businessmen and professionals said last week.

The Makati-based group outlined the restrictions set by the International Monetary Fund (IMF)-designed "economic recovery program," which it said, is virtually "a plan of debt repayment." It also predicted bleak prospects for the growth of different sectors in the economy for 1985 and 1986 and a lack of alternatives to the Phillipine government, given tight IMF restrictions.

Among other things, the IMF calls for market-determined prices and exchange rates, removal of import controls, a ceiling on budget déficits and reserve money, and wage "restraints."

But floating exchange rates and budget deficit and reserve money ceilings will frustrate Philippine government attempts to print more money in order to reduce interest rates and spur private investment, said the business group.

The removal of import controls, on the other hand, will reduce the Philippine government's power to influence the exchange rate. It can devalue the peso at an even faster rate to spur exports, the group said, but even a controlled devaluation of P [pesos] 21 or P 22 to the dollar will not change overall export performance beyond a predicted growth rate of 5 percent.

The continued fall in world oil prices will allow some devaluation without much inflation, which is the precise target of both Mr Marcos' government and the IMF. Again, this is no guarantee that overall export performance will improve.

The group's projections on other sectors of the economy are as follows:

1. Agriculture: The food sector will prevent a total economic collapse and is therefore attractive to multinationals and local businessmen. The picture looks good, assuming favorable weather in 1985 and 1986. The part of agriculture devoted to export crops, particularly coconut products and sugar, are not likely to recover due to continued depressed world prices.

2. Industry: The country's import-dependent sector was hardest hit by cuts in trade credits. This halted production and caused lay-offs, which, in turn, induced the disappearance of the domestic markets. The industry's contribution to national output fell by 12 percent in 1984, is likely to fall at about the same magnitude in 1985, and record a "slightly positive growth in 1986." Some 400,000 to 500,000 lay-offs may occur in 1985.

3. Investments: Investments will drop further due to the prohibitive cost of financing and tight government budgets for investment. Real government spending will drop by 25 percent.

4. Consumption: Consumption is expected to show minimal (practically zero) growth in 1985 and 1986, primarily due to the depressed purchasing power of consumers.

Given such bleak prospects, government hopes might hinge on an early reconsideration and renegotiation of the IMF program, but this will not happen, the group said. The Philippines can prove its capability to be faithful to an IMF program only by the end of 1986, while reschedulings actually result in a heavier interest burden.

Official development assistance, in the form of grants and loans, can change the picture, but only if Mr Marcos can obtain \$1.0 billion in "new money" per year for three years, which the group claims, is needed to prime the economy.

CSO: 4200/1588

PHILIPPINES

COLUMNIST NOTES U.S., IMF PRESSURE ON MARCOS

HK170949 Manila BULLETIN TODAY in English 16 Sep 85 pp 6, 17

[Column by Jesus Bigornia: "IMF Impositions Devastating Our Economy"]

[Excerpt] It may take two to tango. But Presidents Ronald Reagan and Ferdinand Marcos appear to be dancing to different tunes. And the Great White Father is stepping all over the bunions and callouses of Little Brown Brother. The pain is excruciating. A contretemps such as that described above would be so ludicrous it should tickle the viewer's risibilities, were not the results so disastrous to Filipinos and to Philippine-American relations.

In their obsession "to apply the screws" on President Marcos, second echelon officials pulling the strings of policy at the United States Department of State and at the Pentagon have, instead of improving, ravaged the Philippines' economy, alienated the goodwill of the great mass of Filipinos or driven others straight into the fold of a communist-led rebellion. As previously stated in this space, the International Monetary Fund (IMF) and the World Bank (WB) are the instruments of the policymakers of the Reagan administration ostensibly to produce reforms but actually to destabilize the Marcos presidency.

In the view of conservative economists here and abroad, the agreement signed by Prime Minister Cesar E.V. Virata and Central Bank Gov. Jose "Jobo" Fernandez with the IMF late last year triggered that agency's attack on the Philippine economy which has driven the people to a state of helplessness while eroding the power base of President Marcos. How did this come about? The compact called for abolition of subsidies to government-owned corporations, the lifting of subsidies on essential food items and substantial revisions in taxes. On top of all these, the peso was devalued by more than half its former value.

Most Filipinos do not know it but IMF has taken total control of the financial and monetary affairs of the Philippine government. Which means that IMF representatives are swarming all over the Ministry of Finance, including the Bureau of Internal Revenue, so that taxes are faithfully collected, the Ministry of the Budget so that public funds are not spent unwisely; and at the Central Bank so Gov. Fernandez may not print money and precipitate inflation. All these so that payments on interest on money borrowed from some 480 foreign banks are faithfully paid and on time.

In effect, the agreement was also "a license to kill off whole economic sectors"--the sugar and coconut industries, and the automotive assembling firms, most of them described as "cronies" of the President. The impact of an IMF-dictated campaign "to soak up excess liquidity" on the Philippines economy was, in the opinion of many a Filipino businessman, "devastating." Interest rates soared. Businessmen closed shop, unable to finance imports of raw materials. Unemployment rose by leaps and bounds. If prices went down last year, there were fewer buyers than in 1983.

Expectedly, the President's men have been saying the country is on the way to recovery. That "the light at the end of the tunnel is in sight." The flagging spirit of a despairing people must be buoyed up with sometimes "doctored" statistics. But private economic analysts' projections for recovery are grim. The most rose-colored estimates improvement to come in the 1990s. What to do then becomes all important. Since government cannot renege on commitments and the IMF is unwilling to relax on conditionalities that have brought disaster to this country, the Filipino must dig in and respond to the government's call for increased production if only in the agricultural sector. [passage omitted]

CSO: 4200/1590

PHILIPPINES

GOVERNMENT TO RESTRUCTURE FINANCIAL INSTITUTIONS

HK130805 Manila BULLETIN TODAY in English 12 Sep 85 p 17

[Text] The Philippine government will seek \$250 million in new loans from the World Bank to support the reorganization of the government financial institutions as well as the government corporate sector.

Central Bank Governor Jose B. Fernandez Jr. said that the government would start negotiations on these two loans as soon as the final program for the restructuring scheme of the government financial institutions has been formulated.

He said that the Philippine National Bank [PNB] and the Development Bank of the Philippines [DBP] would be merged under the program, with the PNB as the surviving institution performing short-term commercial banking and agricultural credit functions. The government will provide no new funding to the surviving bank.

As reorganized, the PNB will not undertake industrial lending to avoid a situation in the past which brought about the large number of non-performing accounts from industrial borrowers of both the PNB and the DBP.

The existing nonperforming accounts of both institutions, which are reportedly substantial in amounts, will be segregated into a trust account or a new government corporation to be organized for the purpose of selling and/or disposing of those acquired assets.

A new development financing institution is to be organized which would handle industrial lending. This new bank will be organized by the private sector, with equity assistance from the Asian Development Bank, and the International Finance Corporation. The government will have a minority interest in it, Fernandez added.

The governor also said that the fate of the Land Bank of the Philippines was not yet determined. The plan, he said, was to "privatize" it or sell it to the private sector. However, if the monetary authorities were not convinced that such privatization would be successful, Land Bank may still be folded into the merger of PNB and DBP.

In case of the government acquired commercial banks, the government is committed to dispose of its holdings in favor of the private sector.

The proposed workers bank may be one of these government acquired banks where the workers may infuse additional equity or buy an existing bank, the governor said. The policy, he said, was to organize such bank without adding to the number of existing banks.

PHILIPPINES

INTEREST RATE FOR FINANCIAL PACKAGE SAID REASONABLE

HK250821 Manila BULLETIN TODAY in English 24 Sep 85 p 13

[Text] The price the Philippines had to pay for the three financial packages, amounting to \$9.725 billion provided by foreign banks is considered "reasonable" by both the borrower and the creditors under the market conditions existing at the time these facilities were granted.

For the \$925 million new money facility provided by the country's 483 creditor banks, the interest rate varied, depending on each creditor bank, but generally it was based either on the London interbank offered rate (Libor) or the domestic U.S. CD (certificate of deposit) rate.

If based on the Libor, the additional spread was 1.75 percent per annum. If based on the CD rate, the spread was 1.375 percent. In the case of Japanese banks which opted for CD rate as the base, the spread was 1.125 percent. There were also fixed rates, depending on the preference of creditor banks.

In addition, the Central Bank [CB], which was the borrower of the new money under guarantee of the government, paid a commitment fee of 1/2 of one percent per annum.

A facility fee of 1/2 of one percent was also payable on the amount of each release.

An agency fee, due Manufacturers Hanover Trust of New York as the agent, was likewise paid but both the CB and Mantrust refused to disclose the amount. This was reportedly negotiated between the borrower and Mantrust.

For the \$3 billion revolving trade facility where Chemical Bank of New York acted as the coordinating bank, the cost of money was as follows:

1. For deposits with the CB...1.1/4 percent over Libor;
2. For guaranteed trade advances--1-1/4 percent;
3. For unguaranteed trade advances--to be negotiated between the parties; and
4. For capital asset purchase credit--to be negotiated between the parties but subject to CB approval.

In addition, a 1/8 of one percent per annum facility fee based on total commitments is paid by the CB.

In the case of the \$5.8 billion debts subject to the restructuring principles, the cost of money is 1-5/8 percent over Libor or comparable domestic pricing for public sector debt restructuring.

CSO: 4200/1590

PHILIPPINES

GOVERNMENT NOTES DECLINE IN NUMBER OF BUSINESS SHUTDOWNS

HK170903 Manila BULLETIN TODAY in English 16 Sep 85 p 25

[Text] The Securities and Exchange Commission (SEC) has recorded receding business shutdowns with lesser capital during July this year.

SEC said it has dissolved only eight corporations and two partnerships. Thus, a total of 10 entities with paid up capital of P[peso]287.1 million shortened their terms of existence.

Compared to the 15 business closures in June, there were less number of dissolved companies during July. Paid-up capital was also smaller by 71.4 percent.

Compared with the July, 1984 statistics on closed firms, this year's July record was four firms less or 28.6 percent lower but their aggregate capital bigger by five times due to the business termination of Family Bank and Trust Company (FBTC) which merged with Bank of the Philippine Islands (BPI).

FBTC had a paid-up capital of P285.3 million at the time of its dissolution.

The seven-month period (January-to-July) reflected a total of P1.398 billion equity from 93 dissolved firms and three corporations decreasing capitalization.

SEC statistics showed that from January to July last year, capital retrenchment reached P143.5 million from 109 corporate deaths and four firms incurring deficits.

Of the 10 companies that ceased operation in July this year, five encountered business reversals, one did not operate since its incorporation while three did not report any cause. FBTC was dissolved to give way to its merger with BPI.

It was gathered that of the 10 companies which bowed out of business, eight were based in the national capital region with a capital of P286.5 million. The two other firms were located in southern Tagalog and Bicol regions with a combined investment of P0.9 million.

Meanwhile, a corporation decreased its capital stock through the cancellation of shares which will be paid for by the real assets of the company.

PHILIPPINES

INSOLVENT FIRMS' DEBT TOTALS 11.9 BILLION PESOS

HK250809 Manila PHILIPPINES DAILY EXPRESS in English 24 Sep 85 p 9

[By Raul Marcelo]

[Text] The assets of the 49 companies placed by the Securities and Exchange Commission (SEC) under receivership as of June are short by P [peso] 2.3 billion to cover their combined liabilities of P11.9 billion.

This is the major reason why receivers of firms recommended for liquidation have asked the SEC that they be replaced.

The SEC said the capital deficiencies of these companies were discovered through the valuations of their books by independent accounting and auditing firms. A total of 35 of these 49 companies, the SEC noted, became insolvent only last year when business conditions were most difficult. Most of these firms, it added, are financing companies, 14 of which still have pending petitions for rehabilitation with the SEC.

SEC sources explained that many of these insolvent companies have not been "unliquidated" because of the non-availability of firms willing to serve as liquidators in view of the very minimal amount of assets of the said firms to settle their obligations. The biggest of these firms is the Philippine Underwriters Finance Corp. (Philfinance) which was placed under receivership in 1981 but which still has no liquidator at present.

The sources said that the PCI Management Consultants, Inc. (PCIM) has refused to act as liquidator of both Philfinance and Premier Finance Corp. (PFC) because of the acute insolvency of the two companies.

Valuations made on Philfinance's books showed that the company only had assets of P210.8 million as against its debts of some P1.02 billion.

Another receiver--Prudential Bank--has also asked the SEC "to be excused from acting as liquidator" of the three insolvent firms of runaway businessman Fulvio Magpayo, Jr.

Although the bank reasoned out "pressure of work and commitments made to other cases in its trust department," the sources noted that Prudential

backed out because of the bad asset-to-liability ratios of Omnibus Finance, Inc. (OFI), Omnibus Financial Group, Inc. (OFGI) and Wall Street Finance and Investments, Inc. (WSFI).

Assessments made on the financial status of these firms showed that only 9.4 centavos per Pl liability of OFI can be covered; 0.04 centavo for OFGI, and 5.7 centavos for WSFI.

CSO: 4200/1588

PHILIPPINES

NEGATIVE GROWTH PREDICTED BY YEAR'S END

HK170915 Manila BULLETIN TODAY in English 16 Sep 85 p 23

[Text] The country is headed for a negative growth of 2.5 percent in gross national product (GNP) at best and to decline by as much as 3.5 percent at worst at the end of 1985, according to revised government projections.

If such projections hold true, the revised estimates would be two-to-three percentage points better than the 5.46 negative growth rate recorded in the whole year of 1984.

Government sources said that such projections were considered attainable since agriculture has shown positive impact in the economy largely due to the bumper rice and corn production during the second half of this year.

Earlier, Agriculture and Food Minister Salvador Escudero III reported that the country is expected to harvest its biggest rice and corn yields ever this year.

The biggest contributing factor to the decline in GNP growth would be the industry sector, the slack in government expenditures, particularly for infrastructure projects and the sluggish performance of the export sector due basically to depressed commodity prices and weak demand for major exportable products.

Earlier projections showed that the economy would grow between 1.2 to 1.5 percent at the end of this year. But due to several factors beyond control, the economy still registered a negative growth of 4.6 percent during the first half of this year.

Reviewing the overall economic performance during the first semester of the year, Economic Planning Minister Vicente Valdepenas, Jr. said that indications show that the policies adopted by the government towards recovering from [the] economic slump experienced in 1984 have started their impact on overall economic activity.

Valdepenas said the economy has seen the worst and is "definitely headed towards the long awaited recovery."

He attributed the reduction in real GNP to the continuing drop in the industrial sector, which went down by 12.55 percent during the past six months as compared to the 8.85 percent during the same period last year.

He noted, however, that the agricultural sector posted a 1.01 percent growth during the period in review. "Agriculture saved the day for us," Valdepenas added.

PHILIPPINES

VIRATA CALLS FOR FURTHER REDUCTION IN POPULATION GROWTH

HK230943 Manila BULLETIN TODAY in English 21 Sep 85 p 16

[Text] Filipinos may have to give up one meal a day if the population growth is not reduced further, Prime Minister Cesar Virata told a consultative conference with mass media professionals sponsored by the Commission on Population (Popcom).

Virata said that the next 35 years will be critical if the country's population continues to grow at a high rate.

If the Philippines maintains its present productivity and economic growth rates and the population continues to grow at 2.4 percent, the volume of food production today will be reduced by one third, Virata explained.

In view of this, he stressed that the country must exert efforts to adequately modernize itself in the fields of industry and agriculture.

He added: "We must conserve land, utilize it, plan more and evaluate better so that enterprises do not fail."

On the other hand, Popcom executive director Eugenia Jamias cited the gains made by the Philippines population program in curbing the country's high population growth and fertility.

Jamias said that at present, the country's population is estimated at 54.7 million and is increasing annually at the rate of 2.4 percent. She added, however, that "though hardly noticed, fewer children are now being born to Filipino couples."

The country's total fertility rate--or the number of children a Filipino mother would have--has been steadily dropping from an average of six children in the 1960s to 5.8 in the 1970s and 4.1 in the early 1980s.

The crude birth rate has dropped from 40 per 1,000 persons in 1970 to 34 in 1983 and is expected to decline further to 31 in 1987, Jamias said.

Today, Filipino women also tend to marry at a late age.

CSO: 4200/1590

PHILIPPINES

BRIEFS

'YELLOW BRIGADE' PROPAGANDA DISAVOWED--Cebu City--The New People's Army dis-owned Sunday night the Yellow Brigade, which claimed in two press releases that it was all-female propaganda unit of dissidents in Cebu. In a press statement sent to three local newspapers here, it charged the Yellow Brigade "as an impostor, with good intention, but an impostor just the same." It explained that the NPA identified with the red color which stands for change, struggle, revolution or courage. The statement pointed out that yellow signifies reaction, bitterness, jealousy, treachery and collaboration with the enemy. The unsigned statement said the NPA'S organizational structure does not call for a detached propaganda unit, because it can only cause confusion among the people at the expense of the name and image of the NPA. In denying the Yellow Brigade as its propaganda arm, the statement described it as allegedly 'the work of the military or reasons of disinformation.' Aside from these informations the NPA expressed fear that the brigade will be used to persecute media personnel now hard pressed by the so-called expose of National Intelligence Security Authority (NISA). It ended the statement by lauding the Cebu media for their vigilance and unflinching stand in preserving press freedom despite [word indistinct] assault of the present administration. [By Leo Enriquez] [Text] [Manila PHILIPPINES DAILY EXPRESS in English 11 Sep 85 p 3 HK]

CLASHES LEAVE 13 DEAD--Thirteen persons including five New People's Army members, were killed in separate violent incidents in Davao city and Davao province last Sunday and Monday, reports reaching Camp Aguinaldo said yesterday. Five NPAS and an army soldier were killed Sunday afternoon in separate encounters between government troops and rebels in San Mariano and Maco towns in Davao province. Colonel Marcelo Blando, Task Group Panther commander, identified the slain rebels as Lorenzo Briones, 27, alias Commander Rico; Ben Talledo, alias Ka Jack; Elmer Gomez and two others known only as Ka Benjie and Ka Bing. Blando said the slain rebels were killed in an encounter with soldiers of the 1st Scout Ranger Battalion in Barangay Tigbao, San Mariano town. Recovered by government troops from the scene of encounter were three .38 caliber revolvers, a 12-gauge shotgun and a .22 caliber revolver. Blando said Sergeant Eulogio Carbonnel was blasted to death by a land mine while leading a group of soldiers chasing a rebel bank in New Visayas, Maco town. Wounded in the explosion were Sergeant Eligio Magsino, SN2 Freddie Torres, SN2 Orlando Ramos, A2C Epifanio Vega, A2A Benito Sampilo and A2C Herminigildo Mabatang; all of the 2nd General

Headquarters Battalion. The wounded soldiers are now confined at the Davao del Norte General Hospital. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 11 Sep 85 p 8 HK]

PESOS FOR REBEL REHABILITATION--Total of P [peso] 50 million has been set aside by the government for the rehabilitation of New People's Army rebels who surrender to the government. This was revealed yesterday by Lieutenant General Fidel V. Ramos, acting AFP [Armed Forces of the Philippines] chief of staff, who said that the amount will be used to help the former rebels and to purchase the firearms, explosives and bullets that they surrender. Since January, Ramos said, 254 rebels and 207 NPA supporters have surrendered to the government. The former rebels, Ramos said, will be provided with immediate relief assistance and those qualified will be recommended for amnesty to President Marcos. RAMOS the government's policy of attraction, national unity and reconciliation also involves the initiation of socio-economic programs to facilitate the re-integration into society of dissidents and supporters who return to the folds of the law. Last 8 August, President Marcos signed an executive order which provides rehabilitation programs for surrenderees. Before the executive order, only Moro National Liberation Front surrenderees were given incentives. The President also created a committee headed by Defense Minister Juan Ponce Enrile to implement the order. Yesterday, Ramos administered the oaths of allegiance to the republic of 14 former rebels who said they surrendered after they realized that "there is no future" in the dissident movement. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 13 Sep 85 p 2 HK]

GERM WARFARE REJECTED--Acting AFP [Armed Forces of the Philippines] chief of staff Lieutenant General Fidel V. Ramos reacted sharply yesterday to reports that the armed forces should put up a chemical and germ warfare division to ward off possible attacks by external aggressors. Ramos said the AFP is not interested in establishing a [words indistinct] germ warfare division since it has no relevance to the present defense needs of the country. "The AFP studies the effect of bacteriological, chemical and nuclear warfare as being waged by other countries only for the purpose of informing its personnel," Ramos said. He added that an office for Chemical and Ordnance Service (OCOS) under Colonel Carlos Manalo has existed since World War II and has serviced the needs of the AFP, but the chemicals in the military inventory are limited to non-lethal substances like those used for tear gas, pyrotechnics, smoke signals, and others. "The only bacteriological studies the AFP is conducting is in regard to the elimination of intestinal parasites, or bulate," Ramos said in jest. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 24 Sep 85 p 3 HK]

MINDANAO NPA ENCOUNTERS--Four NPA terrorists and four CHDF [Civilian Home Defense Force] militiamen were killed in separate incidents during the past three days in Davao City, Davao del Norte, and Zamboanga del Sur. Taken by the NPA during the encounters were 22 assorted firearms. That report from Jun Francisco: [Began recording] At 4:30 PM Monday a team of CHDF militiamen, led by Vice Mayor (Bosque) of (Bulawan), Davao del Sur, went on a routine foot patrol in Barangay New (Casilao), 6 km away from Upper (Bulawan), and were ambushed by an undetermined number of heavily armed men believed to

be NPA terrorists. [sentence indistinct] (Bonque) was unharmed. At Davao del Norte, elements of the Scout Rangers [words indistinct] and tactical operators encountered another big group of NPA rebels at Barangay (Sigdaod), [words indistinct], Davao del Norte. A firefight ensued which resulted in the killing of four of the communist terrorists. The fatalities were identified only as Commander Rico, and the three henchmen only as Jack, Benjie, and (Bengon) [sentence as heard]. The Scout Rangers recovered one .38-caliber revolver, one .26-caliber revolver, and one hand grenade. [Text] [Quezon City Maharlika Broadcasting System in English 1100 GMT 11 Sep 85 HK]

DEBT RESTRUCTURING TALKS IN NOVEMBER--The Philippines is preparing for another round of talks in November with its creditors. The country (will set) restructuring of maturities that fall due between 1987 and 1988. The foreign creditors are reported to be ready for a second round of negotiations. That was the assurance given by David [surname indistinct], chairman of the Advisory Committee which represents the country's creditors. The previous negotiations on Philippines [word indistinct] maturities that will fall due between (1985) and December 1986. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 12 Sep 85 HK]

NPA SUPPORTERS RENOUNCE COMMUNISM--At least 2,500 supporters of the New People's Army [NPA] in Initao, Misamis Oriental, renounced their affiliation with the communist movement. Before the oath-taking ceremony, a parade participated in by the surrenderees, members of the integrated Civilian Home Defense Force and municipal and Barangay officials was held around the town's main thoroughfares to show the people's sentiments against communism. Initao Mayor Sergio (Trio) administered the oath of allegiance to the former NPA supporters. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 11 Sep 85 HK]

MANILA TEACHERS STRIKE--Manila, 20 September (AFP--Public schools in Manila and its suburbs were mostly empty today as thousands of teachers continued to strike for higher salaries after a dialogue with authorities failed, teachers associations said. Spokesmen for two mentors' groups in the metropolis said they would continue their walkout "indefinitely" because Premier and Finance Minister Cesar Virata would not commit himself on their demand for a 3,000 peso (161 dollars) monthly basic pay. The 1,200 peso (64.50 dollar) average monthly salary of public elementary and high school teachers is below the ceiling set by the government for a family of six to live decently. Manila Public School Teachers Association Secretary General Rodriguez Bagana told AGENCE FRANCE-PRESSE that 90 percent of Manila's 17,000 public school teachers did not report for work today. Ruben Bersamina, a spokesman for the teachers' groups in the nearby city of Pasay and the towns of Muntinlupa, Pateros, Taguig, Las Pinas, and Paranaque, said some 4,500 teachers out of a total of 5,500 were on the fourth day of their strike. Education Ministry spokesmen could not be reached for comment today. Mr Bersamina said they held a dialogue with the prime minister today but "he has no concrete answer to our demands." [Text] [Hong Kong AFP in English 1016 GMT 20 Sep 85 HK]

NPA GUERRILLAS ATTACK RURAL CENTER--Some 100 New People's Army (NPA) guerrillas, disguised as soldiers, raided the Northern Samar Integrated Rural Development Project (NSIRDP) Center in Barangay Inawahan, Catubig, Northern Samar, and ran off with office equipment and other articles. This was reported yesterday to Lt Gen Fidel V. Ramos, acting armed forces chief of staff, by Maj Gen Josephus Q. Ramas, commanding general. Ramas' report was based on information furnished by Brig Gen Salvador Mison, commander of Regional Unified Command VIII, who said the raid occurred at 4:30 a.m. last Aug 10. The NSIRDP training center is a bilateral development project of the Australian and Philippine governments to alleviate the living condition of the people in the community, Mison said. The attacking NPA group, according to Mison, was led by "Kumanders" Ricky, Andy and Gerry. They carted away two carabaos, about 100 ducks, three typewriters, four electric fans, two petromaxes, 60 pieces of mattresses, a Honda generator, Xerox machine, radio set, Solarex battery and undetermined amount of cash from employees and students undergoing training, Mison reported. Brig Gen Benjamin G. Cruz, commander of the army's 3rd Infantry Brigade, denounced the attack "as plain economic sabotage against our own country." [Text] [Manila BULLETIN TODAY in English 13 Sep 85 p 1 HK]

END TO MILITARY AID URGED--Seven senators of the Federal Labor Party of Australia have reportedly asked their government to cease immediately all military aid to the Philippine government which they said reflects poorly on Australia and merely encourages abuses of human rights, according to the International Relations Commission of Bagong Alyansang Makabayan (Bayan) [New Nationalist Movement]. In a joint statement dated Sept. 15, the Australian parliamentarians reportedly pledged to oppose any form of Australian military intervention in the Philippines. The telexed message to Bayan, stated: "This week marks the anniversary of the declaration of martial law in the Philippines in 1972. Protest demonstrations against the Marcos government will be held both in the Philippines itself and throughout the world. It is, therefore, an especially appropriate time to draw attention to the question of Australian aid to the Philippine government." The senators quoted reports that as of July 1, 1985, there were 745 political prisoners throughout the country, 15 workers have been killed on picketlines since April 1984, and a large but undetermined number of civilians have been "salvaged" or summarily executed. The senators said that the Filipino people should be allowed to resolve their affairs without foreign intervention. [Text] [Manila BULLETIN TODAY in English 22 Sep 85 p 8 HK]

COTABATO NPA LEADER CAPTURED--The leadership of the communist movement in southern Mindanao is almost decimated. Authorities are now holding in custody the highest NPA leader in the South Cotabato-Sultan Kudarat area. Roman (Cupa) and two aides were caught in Maasin Town, South Cotabato. His capture came barely one week after intelligence agents shot and killed in Davao City the secretary of the NPA communist movement in southern Mindanao. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 14 Sep 85 HK]

ILOILO TROOP ASSIGNMENTS--A PC [Philippine Constabulary] company assigned in Iloilo City will be having fresh personnel. AFP [Armed Forces of the Philippines] Regional Commander Isidro de Guzman ordered that fresh troops from Capiz, Aklan, Antique, and Negros Occidental should be assigned to the 324th PC Company. Several members of the PC company have been relieved for involvement in crime. The erring personnel are accused of taking part in the recent hold-up at SM-SHOEMART in Iloilo and in the killing of newsman Eddie Suede. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 14 Sep 85 HK]

FIRST LADY OFFERS MEDIATION--The first lady Imelda Marcos yesterday [12 September] expressed her willingness to act as a bridge between opposing political forces in the country to bring about national reconciliation and unity. She expressed this sentiment during a meeting with newsmen at Malacanang. She said she was very happy over the homily delivered by Jaime Cardinal Sin during last Wednesday's mass on the occasion of President Marcos' birthday. She also expressed full support for the president's call to the opposition to help the government in the task of nation-building. The first lady also revealed that she presented the president with a song she composed entitled salamat [thank you] as her birthday gift. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 12 Sep 85 HK]

OIL BILL INCREASES--The 40 percent decline in the peso value against the dollar last year raised the country's oil import bill despite the 2.6 percent drop in world oil prices. Last year's overproduction brought down crude oil prices to an average of \$27.89 per barrel from the previous year's price average of \$28.63. But the import cost per barrel went up in peso terms due to the 6 peso drop in the peso-dollar exchange rate, or from 14 to 1 to 20 to 1. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 15 Sep 85 HK]

CSO: 4200/1590

THAILAND

PAPER CITES THIANCHAI INTERVIEW ON COUP

BK240302 Bangkok THE NATION in English 22 Sep 85 p 1

[Text] A phone call woke him up in the early hours of 9 September. Deputy Army Commander-in-Chief Gen Thianchai Sirisamphan hurriedly changed into his army uniform in five minutes. He pulled his car out of his Suan Phat Tan house immediately--heading for the 11th Infantry Regiment where a coup command was to be set up.

Shortly after he left his house, a few tanks thundered to his house. Some of the rebels tried to take his wife, Khunying Praphasit, to Sanam Suapa where the coupmakers had set up their headquarters.

The exciting anecdotes in the general's life were related in an interview published in DAO SIAM yesterday.

"A senior coup leader woke me up with a telephone call that night. He told me to go to his residence to join the coup party. He said that he would send troops to my residence to take me out if I wanted to. I kept silent and told him that it was not necessary to do so," said General Thianchai who was then acting army commander-in-chief during Gen Athit Kamlang-ek's absence from the country.

General Thianchai said he realized in the course of the phone conversation that what he had suspected had finally come about.

"Indications of a coup had been looming for 7 days before it was staged. The government was alerted of the coup plot about 1 week ago and made preparations ever since--to cope with the situation. But we received very little information about it in the regular forces because the senior people who were to engineer the coup were outside the military establishment and only a handful of regular troops were mobilized in the coup to keep the plot in secrecy."

"We knew in advance that it would come, but we did not know when and how. So, we mapped out various plans to cope with various scenarios," General Thianchai said.

Having received the phone call from a general who "invited" him to join the coup, General Thianchai changed into an army uniform in 5 minutes and drove his car out to the 11th Infantry Regiment. He was alone then.

"When I sat down at the 11th Infantry Regiment, I was convinced that we would certainly win because we have better intelligence than the coup side. In the morning, I was more confident of the victory because our intelligence information showed that the coup party employed only a handful number of troops. That's really all they had. Others were not involved in the coup. As a result, the coup party had to rely upon mobs that it planned to incite to support the coup. They will employ workers. A meeting was held as of 7 pm the night before and those responsible for the mass incitement mainly came from the State Railway of Thailand (SRT), and the [word indistinct] Mass Transit Authority of Thailand (BMTA). They planned to use public buses to transport workers from various factories and enterprises. In this way, we were more concerned of the mass incitement than the armed strength of the coup force. We were aware that we must settle things in order before dark, otherwise the situation could get out of hand and we did it," General Thianchai was quoted as saying.

He said that shortly after his departure from his residence, coup tanks got to his house to get him. The rebel troops wanted to take his wife with them but she refused to comply with the order, according to General Thianchai.

The general, who is due to retire on 30 September, said that he considered the success of the coup-crushing operation as the "best possible reward." He was referring to a proposal to extend his tenure in military services. "The army is not short of a competent hand to take over as deputy army commander-in-chief and my extension will only deprive many army officers' chances of being promoted in the annual military reshuffle," he said.

CSO: 4200/7

THAILAND

ABORTIVE COUP SAID TO HAVE BEEN PLOTTED MONTHS AGO

BK240159 Bangkok THE NATION in English 24 Sep 85 p 5

[Text] Police investigators have so far interrogated about 400 witnesses over the 9 September abortive coup and found that the short-lived coup had been plotted about 6 months in advance, informed sources said yesterday.

The sources also disclosed the identities of the 10 coup suspects who are still at large. Apart from coup leaders Col Manun Rupkhachon and Wing Cdr Manat Rupkhachon, the other eight suspects are: Capt Denduang Thimwatthana, Capt Nakkharin Nakathit, Capt Ekkachai Inthaphanit, Capt Prawat Khlaisang, Capt Wisut Saengwong, Rakkiat Thammachat, Sanan Santiya, and Ekkayut Anchabut who was said to have financed the coup attempt.

The Special Branch Division yesterday morning arrested Suchat Bunrot, a former MATUPHUM reporter and ex-security official of Parliament, in connection with the coup. Earlier on Sunday, Saman Ngamsanit, a lecturer of the Sukhothai Thammathirat University, was also arrested and charged with sedition.

Of all the 40 people issued with arrest warrants in connection with the coup, 30 have been arrested. Twenty-six of the detainees are soldiers while the others are civilians.

The soldiers who have been arrested include Lt Son Lankhunthot, Capt Khat Sising, Capt Wuthichai Bunkham, Lt Ekkarat Sathanuwat, Lt Sam-ang Ploenhat, Lt Saksit Prachansi, Sergeant Major Wichian Worachai, Sergeant Major Sathit Somthat, Sergeant Major Phalaphon Wannasut, Sergeant Major Bandit Chumchit and Sergeant Major Somchai Chaiyen.

The sources said that police investigators had also learned that the idea to stage a coup spread from the labour circles to academics.

The investigators also found that Wachira Suwansi and Sergeant Major Samkhan Thawoncharoen incited about 210 villagers at Saraburi to travel to the national zoo to support the coup.

Villagers were each promised 100 baht for their participation in the coup. However, the villagers turned back because of the traffic congestion at the Monument Victory.

The sources said that Col Manun, Wing Cdr Manat and Ekkayut were most wanted to unravel some mystery behind the coup because the trio were most well-informed as coup plotters.

CSO: 4200/7

THAILAND

POLICE SAY 39 ARRESTED, 10 SOUGHT FOR COUP

BK260205 Bangkok BANGKOK POST in English 26 Sep 85 p 3

[Text] The number of suspects arrested so far in connection with the abortive coup has increased to 39 persons, with 10 more being sought by police, Police Chief Gen Narong Mahanon said yesterday.

Deputy Metropolitan Police Commissioner Pol Maj-Gen Sawaeng Thirasawat, meanwhile, said that the investigation was expected to be concluded by 9 October, or about 1 month after the probe started.

Quoting the latest investigation report, Pol Gen Narong said civilian suspects placed under arrest have been sent for temporary detention to the Police Private School in Bang Khen while active military men have been held separately in their barracks.

Police investigators have detained three retired military officers including former prime minister Gen Kriangsak Chamanan, former supreme commander Gen Soem na Nakhon and ex-deputy supreme commander ACM [Air Chief Marshal] Krásae Intharat at the Special Branch headquarters which has been declared a special prison.

Pol Gen Narong said that former deputy army chief Gen Yot Thephatsadin, another coup suspect, would be transferred from Prommit Hospital where he is being treated for high blood pressure and hemorrhoids to the Special Branch for temporary detention soon.

Yesterday, police investigators led by Assistant Metropolitan Commissioner Pol Maj-Gen Prayun Komarakun na Nakhon went to the Special Branch headquarters and questioned General Kriangsak, General Soem and ACM Krásae for about 1 hour. None of the investigators answered reporters' questions after the session.

The Special Branch yesterday put up a sign at the entrance of the First Sub-division building where the three suspects are detained informing visitors of the official visiting hours. As of yesterday, visiting hours are between 8:30 am and 4:30 pm on working days. No visitors are allowed on Saturdays and Sundays.

Pol Gen Narong said that the visiting hours were in line with those in force at other prisons under the Corrections Department because the Special Branch office was not a special prison.

THAILAND

GENERAL ON 'SMEAR CAMPAIGN' AGAINST OFFICERS

BK260452 Bangkok BANGKOK POST in English 26 Sep 85 p 1

[Text] Deputy Army Commander-in-Chief General Thianchai Sirisamphan yesterday pleaded for an end to the smear campaign mounted by anonymous elements against certain top-ranking army officers in connection with the 9 September abortive coup.

Numerous mimeographed leaflets, all unsigned, were circulated among several press offices and army units in the city, accusing two leading army officers of plotting the coup. Some leaflets even hinted at a conspiracy in higher places.

General Thianchai said that he was very unhappy with the smear campaign, warning that the move would foment disunity and sow the seeds of mistrust "which will do no good to the country, especially its economy."

He called upon the anonymous authors of the leaflets to have the courage to identify themselves and come forward to seek protection from the authorities. He also pleaded with members of the public and government officials not to believe in rumours. In a speech at an award presentation ceremony to Santi Nimit units, General Thianchai said that national security and national wealth were two vital elements contributing to national prosperity.

Confronted with the challenging task of building a prosperous society, he said, the government has been exerting tremendous efforts to upgrade the people's living standards. Though the effort will be time-consuming, it won't be long before the goal will be realised, he added.

General Thianchai further said that though the communists had been defeated, the government's task of maintaining security was not yet over. It is still necessary to continue implementing orders No 66/23 and 65/25 to attain complete victory over the communists.

CSO: 4200/7

THAILAND

ATHIT TELLS OFFICERS TO QUIT TRADING FIRM

BK240405 Bangkok BANGKOK POST in English 24 Sep 85 pp 13-14

[Article by Chuphong Maninoi]

[Excerpt] The military-dominated Mass Development Co [MDC] is likely to face obstacles and it is doubtful whether it will be able to conduct business as planned.

An informed source in MDC's board told the POST yesterday that an "unofficial" order had been given by top military brass, believed to be Supreme Commander Gen Athit Kamlang-ek, asking all high-ranking military officers in active duty who were holding positions in the company to back out.

More than 10 senior military officers with ranks from major general to general are MDC board members. The company's founders and shareholders comprise 19 senior military officers, including those who have retired, and a civilian.

According to the source, Lt-Gen Chawalit Yongchaiyut, deputy army chief-of-staff, was the first person in MDC board to have submitted his resignation, followed by Lt-Gen Charuai Wongsayan, assistant army chief-of-staff.

The source disclosed that more military officers were expected to hand in their resignations, adding that the shares currently being held by senior military officers might be transferred to "outsiders."

The source said the order was believed to have been given out of fear that the armed forces' reputation would be affected by the involvement of active military officers in the concern.

"It is the definite policy of the armed forces, and not that of General Athit, to not allow the involvement of senior military officers in trading," the source noted.

Other MDC shareholders are Lt-Gen Chaloem Hinchiran, ACM [Air Chief Marshall] Prapha Wetchapan, Gen Sup Aksaranukron, Gen Mana Ratanakose, Gen Banchop Bunnak, Lt-Gen Chuthai Saengthawep, Lt-Gen Wanchai Chitchamnong,

Lt-Gen Suraphon Bannakotsophon, Lt-Gen Thiap Kromsuriyasak, Maj-Gen Lap Phornsiripaka, Maj-Gen Tem Suwantemi, Maj-Gen Sanit Kongsiri, Lt-Gen Chanai Karunwanit, Lt-Gen Phisit Hemabut, Lt-Gen Phichit Kunlawanit, Lt-Gen Charat Wongsayan, Maj-Gen Panya Kwandi and Mr Thati Prapaphan, former Industry Minister Op Wasurat's secretary.

The source also disclosed that Gen Mana Ratanakoset, currently assistant army commander-in-chief who will be retiring on 1 October, was likely to be appointed the firm's managing director in replacement of ACM Praha Wetchapan.

The company was set up early this year to engage in the distribution of various types of products, including acting as the marketing agent for two whisky giants, Sura Thip group of companies which is the distiller of 13 Hong Brand whiskies and Sura Maharat Co, producer of the well-known Mekhong and Kweng Thung whiskies.

MDC, in return, will be receiving 50 satang for the sale of each bottle of whisky.

The company intends to use the money from marketing the products to support army reservists.

CSO: 4200/7

THAILAND

4TH CAVALRY COMMANDER MOVED TO INACTIVE POST

BK230205 Bangkok BANGKOK POST in English 23 Sep 85 p 5

[Excerpt] Two cavalry officers, who commanded tanks involved in the abortive coup on 9 September, face disciplinary action, according to informed military sources.

Fourth Cavalry Battalion Commander Lt-Col Phinit Chomphrom has already been transferred to an inactive post at the Second Cavalry Division. His deputy Maj Somyot Khlongwicha has been put in charge of the unit.

First Cavalry Regiment Commander Col Bunsong Phattharasongkhram, who has jurisdiction over the battalion, also could be moved to an inactive post in the First Military Circle, the sources said.

Defending their role during the coup attempt, both officers said they tried unsuccessfully to stop the tanks. Col Bunsong who was spotted at the Supreme Command during the coup has claimed that he was there to persuade his men to return to their unit.

Second Cavalry Division Commander Maj-Gen Ariya Ukhotkit said the two officers under him have been investigated but any action against them must come from his superiors.

The 22 U.S.-made M41 tanks which took part in the failed coup were from the Fourth Cavalry Battalion based in Kiakkai under the First Cavalry Regiment. They made up the main force participating in the revolt.

Fugitive coup leader Col Manun Rupkhachon was the Fourth Cavalry Battalion's former commander.

CSO: 4200/7

THAILAND

BRIEFS

FOOD SHORTAGE FOR REFUGEES--Nakhon Phanom--Laotian refugees at the Napho Detention Center in this northeastern province have been warned of a possible food shortage by the provincial governor, it was reported. Governor Uthai Nakpricha reportedly said on 12 September that the United Nations High Commission for Refugees [UNHCR] was running out of funds to buy rice for the refugees. At present there are 37,881 Laotian refugees at the Napho center. The refugees were reported deeply worried by the governor's warning that the food shortage could begin by 7 October. A spokesman for the UNHCR said yesterday that the agency was extremely concerned about reports alleging that the UNHCR was no longer willing to supply rice to the refugees. The spokesman said the UNHCR had informed the Interior Ministry in mid-July that the High Commissioner was ready to continue its rice supplies for the refugees. The UNHCR was reported to have secured a special rice donation from the European Economic Community. The amount was said to be sufficient to meet the needs of all the camps in Thailand until the end of the year. [Text] [Bangkok BANGKOK WORLD in English 24 Sep 85 p 2]

'PSYCHOLOGICAL WARFARE'--The Thai Government will step up its "psychological warfare" against the Indochinese countries and the communist remnants inside the country, an authoritative source said. The source said that as in the previous year, the main thrust of this year's strategy for the domestic front is aimed at destroying the subversive groups, mainly the communist splinter groups. The campaign will stress that the present political system with a constitutional monarch is better than the systems in other countries. The source did not elaborate. The source said that the strategy will also seek promotion of the three values of religion, nation and monarchy. The source also said that the Supreme Command Headquarters' Department of Information is mainly responsible for the implementation of psychological warfare. On international issues, the campaign will support the foreign policy of the current government, particularly its policy on the Kampuchean problem, according to the source. "Vietnam and Laos are very good propagandists. We must counter this unfavourable trend," the source stressed. [Text] [Bangkok THE NATION in English 24 Sep 85 p 6]

CSO: 4200/7

PEOPLE'S REPUBLIC OF KAMPUCHEA

PRK PARTICIPATION IN SOUTHEAST ASIA GAMES MOOTED

Bangkok MATICHON in Thai 8 Aug 85 p 17

[News brief: "Cambodia Pnom Penh Joins Women's Ball in SEA Games; Thailand Dismayed; Cambodian Tripartite Coalition Awaits Approval from Federation"]

[Text] On Wednesday, 7 August, the Thai Soccer Association received a telegram from the Soccer Association of the People's Republic of Kampuchea (Cambodia Pnom Penh) saying that they were glad to receive the invitation and confirming that it will certainly enter the women's soccer competition in the 13th SEA Games.

The telegram caused the Thais much dismay, because the Soccer Association had not sent any invitation to the 13th SEA Games competition, as it is the duty and responsibility of the commission arranging the SEA Games competition that had officially handled the ritual sending of invitations according to the procedures of the SEA Games Federation, and the Cambodia that received the official invitation was "Democratic Kampuchea," or the Cambodian tripartite coalition, which is a proper member of the SEA Games Federation.

However, questioning of the foundation involved in soccer revealed that the "People's Republic of Kampuchea" was a proper member of the International Soccer Federation (Fifa) and the Asian Football Society (AFS), and therefore it was possible that Cambodia Pnom Penh would learn of or get details concerning this special women's soccer competition in the SEA Games from the request for permission to arrange the competition by Thailand to Fifa and AFC, both of which sent official circulars to all member nations according to regular procedure.

Anyway, the surprise response of agreement to participate in the women's soccer competition in the 13th SEA Games from Cambodia Pnom Penh should probably not have occurred, because the Cambodia with the right to compete in the 13th SEA Games is the tripartite coalition, which is a member of the SEA Games Federation. News reports also say that recently the tripartite coalition sent an official letter expressing its willingness to become a member of the International Sports Federation in eight areas: "shooting, soccer, basketball, volleyball, table tennis, badminton, track and field, and tennis," but there have been no reports yet of whether the International Sports Federation in each of these areas has responded affirmatively or negatively.

9937

CSO: 4207/289

16 October 1985

INTERNATIONAL RELATIONS, TRADE, AND AID

## BRIEFS

SYMPATHY MESSAGE TO MEXICO--Hanoi, 25 Sep (VNA)--The Vietnamese Committee for Friendship and Solidarity With Other Peoples today sent the following message of sympathy to the Mexican Committee for Solidarity with Vietnam: "We are deeply moved at the reports on the strong earthquakes ever since in the Mexican history that wrought havoc to the Mexico City and some other localities, causing many losses in lives and property to the Mexican people. On behalf of the Vietnamese people, the Vietnam Committee for Friendship and Solidarity With Other Peoples would like to convey deep sympathy to the Mexican people and especially those in the earthquake-stricken areas. We are convinced that under the leadership of the Mexican Government and President Miguel de la Madrid Hurtado, the people in the earthquake-stricken areas will soon overcome the aftermath of the earthquakes and bring their life back to normal." [Text] [Hanoi VNA in English 1453 GMT 25 Sep 85]

GREETINGS TO YAR--Hanoi, 25 Sep (VNA)--State Council President Truong Chinh today sent his warmest greetings to Colonel 'Ali Abdallah Salih, president of the Arab Republic of Yemen, on the occasion of the Republic's National Day (26 September 1962). On this occasion Foreign Minister Nguyen Co Thach also sent a message of greetings to his Yemeni counterpart 'Abd al-Karim al-Iryani. [Text] [Hanoi VNA in English 1451 GMT 25 Sep 85]

DEFENSE MINISTER GREETS HUNGARY--Hanoi, 27 Sep (VNA)--Defence Minister General Van Tien Dung has extended his warmest greetings to Hungarian Defence Minister Colonel General Istvan Olaha on the 127th Army Day of Hungary (29 September). His message says: "The Vietnamese people and armed forces greatly rejoice at the successes of the Hungarian people and armed forces in building and defending their socialist homeland, contributing to the defence of peace and security in Europe and the rest of the world. On this occasion, we express our sincere gratitude to the party, government, people and armed forces of Hungary for their strong support and valuable assistance to the Vietnamese people and armed forces in the past struggle for national liberation as well as the present cause of building and defending socialist Vietnam. We wish the Hungarian people and army even greater achievements in the implementation of the resolutions of the 13th Congress of the Hungarian Socialist Workers'

Party." The message wishes the fraternal friendship, militant solidarity and cooperation between the peoples and armies of the two countries constant consolidation and development. [Text] [Hanoi VNA in English 1457 GMT 27 Sep 85]

PDRY AMBASSADOR PRESENTS CREDENTIALS--Hanoi, 28 Sep (VNA)--Ambassador extraordinary and plenipotentiary of the People's Democratic Republic of Yemen to Vietnam Ibrahim Abdulla Saidi [spelling as received] today presented his credentials to Vice Chairman of the State Council Nguyen Huu Tho. The vice chairman had a cordial conversation with the ambassador. With him were Nguyen Co Thach, minister for foreign affairs, and Nguyen Viet Dung, director of the Office of the National Assembly and the State Council. [Text] [Hanoi VNA in English 1537 GMT 28 Sep 85]

CSO: 4200/14

PARTY ACTIVITIES AND GOVERNMENT

PHAM HUNG, OTHERS ATTEND SPORTS MEET 29 SEPTEMBER

OW300909 Hanoi VNA in English 0835 GMT 30 Sep 85

[Text] Hanoi, 29 Sep (VNA)--The first national spartakiads wound up in Hanoi today after 7 days of contests.

Pham Hung, Political Bureau member of the Communist Party of Vietnam Central Committee (CPVCC) and vice chairman of the Council of Ministers; Chu Huy Man, Political Bureau member, vice-president of the State Council; Vo Van Kiet, Political Bureau member, vice chairman of the Council of Ministers and president of the Preparatory Committee for the first spartakiads; Le Quang Dao, secretary of the CPVCC, attended the closing ceremony.

In his closing speech, Ta Quang Chien, director of the General Department of Sports and Physical Culture and vice-president of the preparatory committee, said:

"Following these spartakiads, sports and physical training in our country should be pushed ahead broadly and vigorously in order to better serve the task of building new-type people, and the construction and defense of our socialist homeland, and to strengthen the friendship and defend peace in the region and the world."

He went on: "On behalf of sports circles in the Socialist Republic of Vietnam, we convey to the World Peace Council our warm response to its appeal for an end to the adventurous program of the United States for militarization of the outer space. We warmly welcome the Soviet Union's decision to unilaterally stop all tests of nuclear weapons and demand the United States to do likewise."

The closing ceremony was followed by a football match between the elevens of the Army Sports Club and the industrial workers of Ha Nam Ninh Province which ended 3-1 in favour of the army team.

CSO: 4200/14

PARTY ACTIVITIES AND GOVERNMENT

TRUONG CHINH GREETS CHILDREN ON AUTUMN FESTIVAL

OW280815 Hanoi VNA in English 0703 GMT 28 Sep 85

[Text] Hanoi, 28 Sep (VNA)--President of the State Council Truong Chinh today sent his best wishes to Vietnamese children in the country and abroad on the occasion of the lunar mid-autumn festival (29 September).

In his letter dated 28 September and addressed to Vietnamese children, President Truong Chinh says: "While enjoying this lunar mid-autumn festival, you should engrave in your minds the great merits and services of beloved Uncle Ho, of the heroes, men and women, who have laid down their lives for the cause of national liberation, and for national construction and defence."

He urges the children to learn well in the 1985-86 school year so as to make many brilliant achievements and prove worthy of the title "Uncle Ho's good nephews and nieces."

President Truong Chinh calls on the Vietnamese young generation to unite closely with children of other countries, thus making worthy contributions to the world people's struggle for peace, national independence, democracy and social progress.

He instructed all bodies of the Communist Party, the administration, and mass organisations to heighten their sense of responsibility in protection, care for and education of children, and strive to foster revolutionary generations for the future who will continue to carry forward the cause of the glorious party, the great President Ho Chi Minh, and the heroic Vietnamese people.

CSO: 4200/14

PARTY ACTIVITIES AND GOVERNMENT

STATE DELEGATION INSPECTS FLOOD DAMAGE IN NORTH

OW261544 Hanoi VNA in English 1516 GMT 26 Sep 85

[Text] Hanoi, 26 Sep (VNA)--Torrential rains in early September have caused widespread submersion in the provinces of Ha Nam Ninh and Thanh Hoa, respectively southeast and south of Hanoi.

According to incomplete figures, heavy downpours and floods have ruined more than 300,000 hectares of autumn rice, and caused serious losses in other respects.

In Ha Nam Ninh, the raining spell from 9-12 September swelled most rivers in the province to above red alert level, causing submersion of rice-fields, many dyke breaks and flooding of 66 villages in Gia Vien, Hoang Long and Yen Son districts. In Gia Vien district alone, all the 20 villages were from 1 to 3 meters under water at the peak of the flood.

Ninety seven thousand hectares of autumn rice in the province were flooded, of which nearly 45,000 hectares were completely lost.

Heavy rains have also caused river overflowing and dyke breaks at many points in Thanh Hoa Province; 35 villages in nine districts in the province including more than 60,000 hectares of autumn rice were flooded, of which over 30,000 hectares for more than 5 days.

Even as the rains were falling, a delegation of the Communist Party Central Committee and the Council of Ministers led by Vice Chairman Vu Dinh Lieu, member of the party Central Committee, went to Ha Nam Ninh and Thanh Hoa to inspect the situation and ordered measures of emergency relief.

The administrations in the said provinces have sent many relief and medical teams to the flooded areas.

CSO: 4200/14

PARTY ACTIVITIES AND GOVERNMENT

BRIEFS

VO NGUYEN GIAP ATTENDS SYMPOSIUM--Hanoi, 28 Sep (VNA)--The first national symposium on meteorology and hydrology was held here from 25-27 September by the General Department of Meteorology and Hydrology. Among those present at the meeting were Vo Nguyen Giap, member of the Communist Party of Vietnam Central Committee and vice-chairman of the Council of Ministers; Dang Huu, alternate member of the CPV Central Committee and chairman of the Commission for Science and Technology, and representatives of the concerned bodies and offices. More than 200 workers in meteorology and hydrology attended the symposium which heard 90 reports. Over the past 5 years (1981-1985), the General Department of Meteorology and Hydrology has conducted studies on 37 subjects in six state-level programs including one on the formation and movements of storms in the East Sea. Several reports presented at the symposium deal with the cooperation between Vietnam and the Soviet Union and other fraternal socialist countries on international and regional programs of meteorology and hydrology. [Text] [Hanoi VNA in English 0712 GMT 28 Sep 85]

CSO: 4200/14

ECONOMIC PLANNING, TRADE, AND FINANCE

ENGLISH SERVICE REPORTS TO HUU ARTICLE ON WAGES, PRICES

BK271320 Hanoi International Service in English 1000 GMT 27 Sep 85

[Vietnam Today program]

[Text] The eighth plenum of the Communist Party of Vietnam Central Committee adopted a resolution on prices, wages, and money. This resolution is of historic significance in terms of theory and practice. It pointed out that we have to absolutely abolish bureaucratic centralism and the system of state subsidized economic management to fully switch our economy to socialist economic accounting and business transaction to efficiently increase production and business.

In an article in the national paper NHAN DAN on 18 September, elaborating on the party's resolution, Mr To Huu, Political Bureau member and vice chairman of the Council of Ministers wrote: The Vietnam economy, having undergone 30 years of resistance war against the French colonialist and U.S. imperialist, did not have favorable conditions for a rapid deployment. To meet the requirement of the state and the daily life of the people, workers, office personnel, and soldiers, Vietnam has to rely for several decades mostly on gratuitous aid in food, necessities, raw materials, equipment, and fuel from fraternal countries. Thanks to foreign aid prices, wages, finance, and money could be maintained. The life of the whole society was ensured and stabilized. The system of state subsidies, necessary in the wartime, has become a habit in the people's life and in the most of socioeconomic managements.

Since the liberation of South Vietnam in 1975, economic and financial conditions have been changed in the whole country. Almost no gratuitous aid has been given by foreign countries. The long-term loan granted by fraternal and friendly nations are now invested in major projects with complete sets of equipment. To import raw materials, fuel, and consumer goods, we have to increase exports. Since 1981 the prices of import commodities have doubled and the volume of import materials and consumer goods is reduced remarkably.

Implementing the resolution of the sixth plenum of the party Central Committee, our people have striven to boost production and recorded notable achievement. However, supply still falls short of demand.

Moreover, two wars of aggression conducted by the Chinese expansionists against the northern and southwestern border areas of Vietnam caused great losses. Meanwhile, Vietnam's population continued to grow. The average per capita income after a certain reduction of 20 percent in 1985 continued to decrease from 2 to 3 percent annually.

After reviewing the implementation of the guideline and measure put forth by the party and state in the face of difficulty in the national economy, the article pointed to the objective and orientation to solve the prices, wages, and money questions. It said: The abolition of bureaucratism and state subsidies in term of prices, wages, and money is an extremely urgent demand, a decisive step to boost production, control the market, stabilize and improve the people's living standard to change the mechanism of economic management. This is a big and comprehensive change in both scope and scale. It is related to the people's life and the whole society.

Regarding prices, the article said: It is necessary to take into full account the expenditure in production in determining the cost of production of industrial goods to readjust the wholesale prices of industrial items to have a unified system of retail prices of essential consumer goods and a unified system of purchasing prices of farm products.

With regard to wages and salaries, they have to be readjusted to the new retail prices of commodities. As far as finance and money are concerned, it is necessary to apply the system of financial autonomy of the factory and change the major part of the factory's investment capital and the whole of its mobile fund to the credit form.

The article said in conclusion: The resolution of the party Central Committee's eighth plenum is a summing up of the party and state experience, accumulated in this respect over the past years. It also reflected the party's reorientation and its policy regarding prices, wages, and money, planning, and managerial mechanism in order to abolish the bureaucratic mechanism in economic management based on state-subsidies and completely switch over to the socialist economic accounting and business operation, thus creating favorable conditions for economic development.

CSO: 4200/14

ECONOMIC PLANNING, TRADE , AND FINANCE

HAI PHONG VCP RESOLUTION CHANGES WAGE PAYMENT METHOD

Hai Phong HAI PHONG in Vietnamese 1 Jun 85 pp 1,4

[Article: "Resolution of 14th Plenum of VCP Municipal Committee on Shifting Wages Payment to Cadres, Workers and Civil Servants from Partial Payment in Kind to Payment in Cash Based on Single Set of Commercial Business Prices Close to Market Prices--Text of Resolution 34 NQ-TU of 31 May 1985 of VCP Municipal Committee"-- options within brackets in oldface]

[Text]

I

The VCP municipal committee met in full on 24 and 25 May 1985 to examine, discuss and solve a number of problems relating to prices, wages and money.

In recent days, implementing Central Committee plenum resolutions, the VCP municipal committee and the people's committee have led and guided sections, sectors, districts, wards and basic installations to complete many tasks--continuing to fight the bureaucratic administrative economic system of flat allocations, switching to economic accounting and socialist business, accelerating agricultural and industrial production and strengthening distribution and circulation in order to stabilize and ameliorate the people's living standards, paving the way and creating conditions for improving the prices-wages-money triad.

Prices, wages and money are the biggest, hottest and most pressing problems in current economic management with direct impact on production and business. While awaiting the central echelon to examine and find a uniform solution to these problems, the city believes it must address them in a correct and creative manner. In light of the economic and social situation in Hai Phong in recent years--comprehensive progress in agricultural and industrial production, distribution and circulation, and market management and gradual control--and in response to demands for more conditions and innovations for improving economic management, the VCP municipal committee /has decided to shift the method of wage payment to cadres, workers and civil servants from partial payment in kind to cash, based on commercial business prices close to market prices, and to abrogate the ration stamp and coupon system./

The wage system with partial payment in quota commotidites, begun in 1960--a great advance over the old system of full payment in kind with egalitarian overtones during the resistance war against the French, and an illustration of the principle of distribution according to labor--has for years encouraged laborers to produce and work with enthusiasm, and contribute to accelerating production, work and combat.

However, the partial-payment-in-kind formula is no longer compatible with the prices-wages-money situation, due to new developments--a change in our economic relations with other countries, from heavy emphasis on aid to cooperation and mutually profitable barter, and fluctuations in merchandise prices in domestic and international markets. That formula carries inherent weaknesses--the burdensome nature of the administrative flat-allocation system; an inability to conduct full profit-and-loss accounting; and deceptively set manufacturing and circulation costs, since wages are mostly paid in commodities not subject to economic accounting. It is also unable to ensure social justice, to heighten managing responsibilities, and to truly and satisfactorily encourage industrious laborers, thus triggering a great deal of negativism. Overreliance on state-supplied consumer products has resulted in many people exhibiting slothfulness, wasting labor and not complying correctly with production processes and work regulations; and in quite a few others in charge of distribution and circulation improperly practicing arbitrary pricing and grading at the expense of merchandise suppliers, coluding with crooked merchants to sell goods on the free market with additional commodity supplies and disrupting the marketplace.

Shifting partial payment in kind to payment in cash, based on commercial business prices close to market prices, is merely a change in payment methods, not yet an attempt to ameliorate the wage system and raise wages; it is, nonetheless, a new advance in terms of distribution benefiting wage earners and leading step by step to a new management structure.

Paying wages in cash truly fosters the laborers' right to collective socialist mastery. With cash on hand and without having to use ration stamps and coupons, wage earners are able to buy sufficient quantities of the nine former quota commodities and control their own expenses and those of their own families. The new pay system also enables us to gradually curb negative phenomena in distribution and circulation, avert tense but false commodity shortages, heighten production management cadres' responsibilities and promote socialist economic accounting efficiency. The policy of paying wages in cash relates not only to wages, but also to the prices-wages-money triad, of which it is an integral part, and also to economic accounting, contributing to eliminating the bureaucratic flat-allocation management system and creating new momentum for production and business acceleration, because "a new distribution system will confer a new nature on production."

Since the prices-wages-money triad is one of the great problems being attentively considered by the central echelon for settlement, the current partial change in payment method is basically fraught with advantages. All party organizations, cadres, workers and armed forces in the city have shown high unity and unanimity of views, pending a decision of the VCP municipal

committee to change the wage payment method from payment in kind to payment in cash. Conditions for production, management, and commodity and monetary control are now favorable, allowing the city to change its wage payment methods, thus creating a new price situation in the municipal market that can be used as a basis for economic accounting and socialist business, accelerating production development and stabilizing the living standards of the people, especially wage earners.

Some difficulties, however, have appeared. We have had no experiences to learn from, since we are one of the northern localities blazing the new wage payment trail. The number of cadres, workers and civil servants is large, requiring a great deal of cash on paydays. Psychologically, considering that the city's production capabilities are not yet fully exploited, and that merchandise inventories not yet abundant, this may cause some people to worry that they will not be able to buy goods with their money and opportunistic crooked elements to spread false rumors and raise commodity prices, etc. Besides, centrally managed but Hai Phong-based cadres and workers account for 60 percent of all cadres and workers citywide, and the volume of products being made by Hai Pong for the central government also is proportionately high--a situation which may lead to local budget shortfalls and pricing difficulties unless ministries and central sectors coordinate with the city to address it in a harmonious way.

## II

According to the new method, wages are paid fully in cash, comprising a cash portion based on ranks, functions and wage scales (June 1985 wages), and another cash portion reflecting the commercial business prices close to market prices of nine quota commodities and six nonquota commodities being supplied in kind to cadres, workers and civil servants and their dependents. Details are as follow:

1. /Total wages of cadres, workers and civil servants include:/
  - a. Basic wages based on functions, ranks, plus various kinds of current allowances considered as wages.
  - b. Value of nine quota commodities based on commercial business prices close to market prices.
  - c. Value of six nonquota commodities based on commercial business prices close to market prices; and
  - d. Value of commodities being supplied to dependents, based on commercial business prices close to market prices.

All kinds of ration stamps and coupons for commodity purchases at supplied prices are abrogated. Especially rice--although converted to cash payment--continues to be sold on a quota basis to encourage thrifty grain consumption.

2. /Economic accounting:/

--Units involved in production: all wages paid to cadres, workers and civil servants are added to manufacturing costs.

--Units involved in trade: all wages paid are added to circulation costs.

--Administrative organs not involved in production: wages paid from the national budget.

3. /Two pay periods per month according to banking schedules./

4. /Pay scales and allowances (if there are any) for cadres remain unchanged./

Production workers engaged in product contracting continue to receive wages according to regulations on production norms and work importance. All wages are added to the unit price of contract products.

Social insurance allowances for workers and civil servants falling ill or giving birth to children are computed on the basis of total wages.

5. /The armed forces are guaranteed continued and sufficient supply of quota and nonquota commodities, but at commercial business prices close to market prices. Price differentials are defrayed by the national budget to facilitate bookkeeping./

6. /Prices of nine quota commodities, six nonquota commodities and commodities supplied to dependents are set on the basis of commercial business prices close to market prices of the previous month. If market prices increase 5 per cent or more, compensatory payment will be made once every 3 months; if they increase 10 percent, compensatory payment will be made immediately. If they decrease more than 10 percent, readjustment will be made 3 months later./

### III

Implementing resolutions of the sixth and seventh VCP Central Committee plenums, our city is shifting wage payment from partial payment in kind based on supplied prices to payment in cash based on commercial business prices close to market prices--a new and very difficult endeavor but with far-reaching consequences, requiring party committee echelons, administration officials, sections, sectors and mass organizations to guide in a strict, uniform and unanimous way, from municipality down to production and business installations.

1. We should conduct broad and deep propaganda among the people, explaining very clearly the meaning and content of these resolutions to cadres, party members, workers, civil servants and the armed forces to help them understand them correctly.

We should prevent and thwart all attempts to distort the meaning of the partial change in payment method, and oppose all actions contrary to that policy and evil elements engaged in speculation and price gouging. The VCP municipal propaganda and training section, information organs, newspapers, radio and television stations and the municipal subcommittee for the guidance of prices, wages and money, should devise plans for an explanatory propaganda drive. All party chapters and mass organizations at the grass roots level should hold meetings to study and thoroughly understand the VCP municipal committee resolution and lead the masses toward implementation.

2. The municipal people's committee, on behalf of the administration, should take steps to implement this resolution, strictly guiding related sectors to draw up tangible plans for controlling goods and money; to set merchandise prices realistically and accurately to help with wage computation and payment; to permanently ensure abundant monetary and commodity reserves; to balance the budget; to gather enough cash for wage payment to cadres, workers and civil servants and to meet other expenses; and to provide enough merchandise for sale to consumers in increasing quantities and quality.

Financial and banking sectors should show more altness and dynamism in planning for budgetary receipts and disbursements and cash collection; in fully exploiting revenue sources, in striving to balance between revenue and expenditure paving the way for surpluses; in ensuring enough cash for on-schedule wage payment to cadres and workers and to meet other municipal expenses; in reappraising the capital assets of production and business units and guiding them to rapidly increase profitability; in drastically practicing thriftiness and canceling or postponing unnecessary disbursements; in expanding credit activites to the basic level (subwards, villages, organs and enterprises); and in continuing to stimulate savings at interest rates fixed by the state bank while mobilizing cadres, workers and civil servants to lend money to the VCP municipal committee and the people's committee at 4 percent interest per month for production and business acceleration, economic development and city building.

The grain, trade-tourism and export-import sectors and municipal marketing cooperatives should heighten even more their eagerness to serve cadres, workers and city people, strongly improve business formulas, actively exploit commodity sources, expand grain, food and consumer goods retail, respect customer dignity and right to mastery and put socialist trade courteousness into practice.

We should gradually establish a new order in the field of prices. Steps should be taken to inventory supplies, equipment, energy and labor and control their use and the wage computation process, and set rational manufacturing costs in both industrial and agricultural production so that selling prices may be fixed at a profit. We should make a stand against abuses of authority leading to corruptive attempts to take advantage of differences between regulated prices and free market prices. We should adopt a single set of retail prices, called commerical business prices close to market prices. Discipline in price managment should be strengthened, with the city acting as chief manager, guiding purchasing and selling prices of staple commodities

essential to the people's livelihood and fostering the Commodity Price Committee's responsibilities and prerogatives in unifying price management, according to regulations and under guidance of the municipal VCP committee and people's committee.

We should publish commodity price indexes each month and strictly prosecute individuals and collectives willfully engaged in price manipulation for profit purposes.

3. Implementation of this resolution should continuously go hand in hand with strict implementation of other resolutions of the VCP municipal committee and its standing committee on production and distribution and circulation, especially Resolution 26 of the VCP municipal committee on small trade arrangement and transformation and on market management, aimed at promptly controlling the market and gradually stabilizing prices, laying the groundwork for accelerating production growth, harmoniously improving the prices-wages-money triad and the wage system and raising prices.

The partial change in wage payment to cadres, workers, and civil servants and the armed forces will begin on 1 July 1985. Production and business costs incurred prior to 30 June continue to be subject to the former bookkeeping system. Unpaid wages owed to cadres, workers, and civil servants in the first 6 months of the year and relating to quota goods supply must be settled during the month of June.

4. Shifting partial payment in kind to payment in cash to cadres, workers, civil servants and the armed forces is an undertaking with important revolutionary significance.

The VCP municipal committee has asked its standing and standby committees and the guidance committee to exert blanket leadership and guidance over implementation of this resolution.

A guidance committee on implementation of the resolution has been set up with the VCP municipal committee secretary as chairman; the municipal people's committee chairman and the VCP municipal committee standby committee deputy secretary, as vice chairman; the VCP municipal committee standing committee member in charge of economic affairs and the municipal people's committee vice chairman in charge of financial affairs, as standby members.

Other members include directors of finance, the state bank, grain, trade-tourism, the export-import federated corporation, labor, the federation of municipal marketing cooperatives, the municipal commodity price committee, the deputy director of the market management transformation board standby committee and a representative of the municipal trade union federation.

Ad-hoc guidance committees will be set up in wards and districts, with VCP ward and district committee secretaries as chairman.

This resolution is disseminated to all party members and cadres, workers, and civil servants, the armed forces and all the people in the city, to enable everyone to carry it out and strictly abide by it.

For the VCP Municipal Committee  
Secretary  
Doan Duy Thanh

9213  
CSO: 4209/643

ECONOMIC PLANNING, TRADE, AND FINANCE

MECHANIZATION IMPROVEMENTS HELP RAISE FOOD OUTPUT

OW260829 Hanoi VNA in English 0720 GMT 26 Sep 85

[Text] Hanoi, 26 Sep (VNA)--The achievements in the mechanisation of soil preparation, though still modest, have made no small contribution to continuously raising food output in Vietnam in the past decades.

Since rice is the staple food of the country and most of the ricefields are submerged either all year round or in the rainy season, the Institute of Agricultural Tools and Mechanisation has been concentrating its efforts on the semi-mechanisation and mechanisation of soil preparation for rice planting. To this end it has conducted wide-ranging studies of the geographical and soil conditions of the fields and has drawn up detailed pedological maps of different regions. On this basis it has designed a series of tractors from small to big sizes, ranging from 8 to 80hp depending on the degree of compactness of the soil.

The institute has improved a number of imported tractors, especially their wheels, to adapt them to the different categories of soil, dry, humid or completely submerged. To preserve the soil from erosion, the institute has consistently applied a scientific method of soil preparation, rotating between the wet and dry methods, which results in the conservation of the degree of fertility even after 10 or 15 years of mechanized ploughing. The use of suitable soil preparation implements such as plows, harrows and weeders has enabled the growing of several rice crops a year on the same field. At present, the mechanized method of soil preparation has been applied in a unified manner in major rice-growing areas in both the north and the south, thus constituting an important supplement to the traditional method using drought animals.

The realizations of the Institute of Agricultural Tools and Mechanisation have been awarded a certificate of merit and a medal at the exposition of scientific and technological initiatives of the youth of socialist countries held in Moscow in 1976 and a gold medal at the first national economic-technological achievements exhibition held in Hanoi in 1983.

CSO: 4200/14

AGRICULTURE

HIGH-YIELD RICE, INTENSIVE FARMING DEVELOPED

OW280859 Hanoi VNA in English 0814 GMT 28 Sep 85

[Report by Prof Vu Tuyen Hoang]

[Text] Hanoi, 27 Sep (VNA)--The green revolution in the late 1960s brought to Vietnam new dwarf rice varieties which have short stems, give high yield but require much fertilizer. The most typical of them was IR8 (also called nong nghiep (agriculture) nn8).

The introduction of new rice varieties into Vietnam has had a great impact on the selection of rice strains and the restructuring of rice crops. On the basis of research on local rice strains and the nn8 in the early 1970s, most of the acreage under low yield summer rice in northern provinces was planted with high yield spring rice, thus turning the spring crop into the main one.

The nn8, originally resistant to high temperatures, if sown in the cold season will prolong its maturity period. In the spring crop, the nn8 can give 5-6 tons/ha on average on large areas and even 9-10 tons/ha on some fields.

In several spring crops, 50-60 percent of the cultivated land in northern provinces were put under the nn8 which has since been widely used.

New rice strains have been grown on ever larger areas, leading to changes of technical measures in sowing, tending, and fertilizing and in the fight against pest.

Many new rice varieties have been selected and put into large-scale cultivation, such as the nn75-1, nn75-3, and "spring-2" which are sown in early spring and the short stem nn75-6 and nn75-10 sown in late spring or in early autumn. These strains give 4-5 tons/ha on average and even 6-7 tons. Particularly, the "spring-2" can yield 6-7 tons/ha and sometimes more than 12 tons/ha if appropriate intensive farming methods are used.

Thanks to the import of good strains and the selection of local varieties, cr 203, which resists brown plant hoppers and c 22, which can tolerate

drought, are widely grown in the north, while in the south, nn3a (also called IR36), nn6a, nn7a, nn4b and nn5e, all resistant to brown pest, are planted. These strains yield 4-6 tons/ha, sometimes 7-8 tons and even more.

A number of other rice strains are under experiment while some others have been selected and proved themselves suited to local conditions such as 1548, 1555, v12, v13, x2 and cn2 sown in spring or autumn, u9, u14 grown in low-lying fields, and c10 and br-52 sown in mid-autumn; in southern provinces, IR 13246, om84 and om83 will be put into large-scale cultivation.

In southern provinces, the winter-spring crop and the summer-autumn crop are mainly sown with new rice strains. In the Mekong Delta, part of the cultivated land is planted with high yield rice strains such as nn4b (also called IR42), and nn5b (IR4b) and the rest with local varieties which are affected by high degrees of acidity. In recent years realities have proved that some local rice strains can yield as much as 3.5-4 tons/ha and some others, 2.5 tons/ha, in floating-rice areas.

Research is under way on rice strains and rice pest, which actively promote the selection of new strains and the creation of a suitable system of rice strains for each crop and each production zone.

The improvement of rice strains, a pre-condition of intensive farming, requires coordinated action from concerned offices at home and abroad.

Before 1975, rice yield in Vietnam varied around 2 tons/ha. In the last 4 years, annual average increase of rice yield was 7.3 percent and of rice output, 7.7 percent, which represent a rather high growth rate in comparison with other developing countries.

It is estimated that nearly one million hectares of winter-spring rice in 1984-85 will yield 4-5 tons/ha. If investment in agriculture is raised appropriately, the new rice strains could give higher yields.

CSO: 4200/14

AGRICULTURE

BRIEFS

RICE SAVED FROM WATERLOGGING--Vietnamese peasants in northern provinces, assisted by various services and branches, have saved hundreds of thousands of hectares of autumn rice from waterlogging. The most heavily stricken province of Ha Nam Ninh has drained the water from thousands of hectares of rice. Hanoi, Thanh Hoa, and Hai Hung provinces have taken appropriate antiflood measures to save submerged rice. [Text] [Hanoi International Service in English 1000 GMT 26 Sep 85]

CSO: 4200/14

LIGHT INDUSTRY

VUNG TAU/CON DAO HAS PROBLEMS WITH ART GOODS PRODUCTION

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 19 Jul 85 p 5

[Article by Thu Phong]

[Text] In 1984, the total output value of export goods produced by the small industry and handicrafts sector of the Vung Tau/Con Dao Special Zone only amounted to 200,000 rubles. There is also not much of an assortment--presently only polished laquerware and rattan and bamboo goods. Many of the other export goods, such as shell handicraft items, lacework and embroidery, have not been developed in the special zone. There is still very great potential in the special zone for setting up small industry and handicrafts for export, but over the recent past, due to a failure to make proper investments, many traditional goods have been gradually dropped. In a number of export production installations, we have seen a number of problems arise which must be solved to promote development in this production sector.

Difficulties with Raw Materials

Nearly all export production installations, like Hai Au Lacquerware Cooperative, Hiep Thanh Rattan and Bamboo Cooperation Team, and Thang Tam Shell Handicrafts Production Cooperative, had many problems with raw materials. These installations were almost totally dependent on outside sources of raw materials, and could therefore not maintain initiative in production. At Thang Tam Shell Handicrafts Cooperative, although there were local sources of raw materials, they had to be purchased from neighboring provinces due to a failure to organize the purchasing effort. Passive for raw materials, the installations also lacked any organization responsible for distribution of raw materials, so each installation, while in production, had to do the running around, with the result that supply was unsteady and raw materials were intermittently unavailable, which had an adverse influence on both production and product quality. When materials were available, funds were not, and vice versa. Many installations did not have goods to trade with neighboring units, so they had to use cash to buy raw materials for production, had no big economic results, and could not improve the standard of living of cooperative members. A few installations signed economic contracts to exchange goods, but could not fulfill them, so they were obliged to relinquish some goods.

Besides difficulties with raw materials, mention must be made of problems with electricity. These production installations were only supplied from 4 to 5 hours of electricity a day, so cooperative members had to take time off and labor productivity declined.

#### Consumer Markets Scarce

Irrational as it may seem, this is a reality in all export goods production installations. Many new goods of the Thang Tam Shell Handicrafts Cooperatives had no market for such items as high quality pearls, necklaces, and mother-of-pearl praised by international customers. The cooperative requested that the export corporation in Ho Chi Minh City help them out with "solicitation," but more than a year has passed without results. This problem has had an adverse influence on the expansion of production on the basic level, with products being produced at export standards, yet only exported from local outlets in small quantities. Hai Au Lacquerware Cooperative and Hiep Thanh Rattan and Bamboo Cooperation Team have similar problems. Although nearly all the products of these two installations were exported to a number of socialist countries over the past few years, this consumer market does not equal the production potential of the installations. Meanwhile, it seems that the "doors" of Capitalist countries have not been "knocked on." This is also something that requires guidance and assistance from economic and export leadership agencies of the special zone if the small industry and handicrafts production sector is to develop.

#### Producers Not Mobilized and Motivated

Because the production situation has not been stabilized and consumer markets have been small, nearly all workers producing handicraft art objects for export continue to face many difficulties without substantial improvement in the quality of life.

The average per-capita monthly income for workers of Hai Au Lacquerware Cooperative is only 700-1,000 dong, while required products must be purchased at free market prices, or at high price. Because of the small incomes, many highly-skilled people with much experience have not fully developed their talents, so they have not become fully committed.

Nearly all installations producing export goods are collective economic organizations; there has been as yet no investment support from the management sector or associated sectors. Many installations have problems with capital and with production orientation. Installations have to purchase their own raw materials and find their own sources of capital to stabilize production; this often exceeds the capability and limitations of collective economic units.

Promoting export production is a basic and long-term orientation in the economic policy of the party and our state. It is a correct orientation and urgent requirement for us to thoroughly utilize and exploit labor forces and local sources of raw materials in the special zone, which are being formalized in the development of the small industry and handicrafts sector of the Vung Tau/Con Dao Zone.

The labor potential for small industry and handicrafts is still very great in the special zone, with potential for producing many valuable goods. With sufficient attention from levels and sectors, appropriate investment emphasis, and proper policies and systems for worker encouragement, the ratio of export value of small industry and handicraft goods in the special zone will be higher than now.

9830

CSO: 4209/627

LIGHT INDUSTRY

HANOI MUST USE STUDENTS TO PRODUCE HANDICRAFT GOODS

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 19 Jul 85 p 3

[Article by Vu Van Chuyen, teacher, Pham Dung, and Nguyen Lai]

[Text] Little Land, Large Population, Many Students

Hanoi is the political, scientific, and cultural center of the entire nation. Yet Hanoi is small in area (2,130 square km), less than one-tenth the size of Nghe Tinh Province (22,502 square km), one-twelfth the size of Gia Lai-Kontum Province (25,536 square km), and one-seventh the size of Hoang Lien Son Province (14,852 square km). Hanoi has the fourth largest population in Vietnam. In 1982, Hanoi had a population of 2,774,700, of which 1,579,300 (49.7 percent) were men and 1,395,400 (50.3 percent) [sic] were women; this population placed Hanoi behind Ho Chi Minh City (with 3,410,600 people), Nghe Tinh Province (5,291,500 people) and Ha Nam Ninh Province (2,935,500 people). That is something to think about.

Though it is only one city, Hanoi's population is nearly four-fifths the size of the entire population of Laos (3.8 million), larger than the entire population of Singapore (2.4 million), nearly twice the population of Kuwait (1.5 million), the country with the highest income in the world today, and also nearly twice the population of Mongolia (1.7 million). Highest priority must therefore be given to lowering the birth rate, and in Hanoi it is a matter of urgency.

With little land and a large population, there is a high population density (1,297 people per square km), which is only behind that of Ho Chi Minh City (1,573 per square km). Though its area is one-tenth that of Nghe Tinh Province, its population density is 10 times that of Nghe Tinh (146 people/square km), over 20 times that of Hoang Lien Son (56 people/square km), and nearly 50 times that of Gia Lai-Kontum (26 people/square km). In other words, there are nearly 1.5 persons on every square meter of land in Hanoi. That is only an average; in fact, the population density of Hoan Kiem Ward, especially in Hang Buom, Cua Nam, Hang Ngang, and Dong Xuan Subwards, ranks among the highest in the world, while in income Vietnam ranks among the 34 most slowly developing countries, with the lowest average incomes in the world. Only by looking squarely at that fact will we emphasize thinking about and investing intellectual assets in raising the standard of living of the people of Hanoi, in keeping with the political and historical stature of Hanoi.

The cultural center of the entire nation, the number of its "young sprouts of the Fatherland"--that is, general school students, not counting kindergarteners--approached 590,600 in 1981-1982. That there are nearly 600,000 students who are not producing goods is also cause for reflection, for that figure is also nearly one-sixth the population of Laos, more than one-third the population of Mongolia (1.7 million), and nearly one-half the population of Kuwait (1.5 million). The total number of these students in Hanoi is also nearly equal to the total population of Song Be Province (702,000), and more than the population of such provinces as Dac Lac (572,700), Cao Bang (511,700), and Son La (550,600). It is furthermore noteworthy that the total number of students in Hanoi is nearly equal to the total population of the capital of Sri Lanka, Colombo, which is 592,000, of the capital of Denmark, Copenhagen, which is 699,000, and of the capital of Sweden, Stockholm, which is 651,000. Only by making the above comparisons can we see completely the difficulties with which Hanoi has looked after, is looking after, and will continue to look after those persons who are "carefree" yet would easily regress were it not for prompt daily correction and education from the party, union, family, school, and society.

#### Using Student Forces To Produce Material Goods for Society

Material goods are presently produced nationwide and in Hanoi by three principle forces: workers, farmers, and craftsmen. National defense forces have mobilized a portion of their manpower to produce goods for society, so we should mobilize this large student force in a "work/study" formula. In 1982, the population of our country was 56,170,000, but less than 45 percent of these, 26,512,000 persons, were of working age. It is a special feature of Hanoi that the urban population is large--971,100 people, which is 55 percent [sic] of the total population of the municipality--while the rural population is 65 percent of the total, with 1,803,600 persons. With a ricegrowing area of 121,700 hectares, only 539,700 tons of paddy could be harvested in 1982, with an average per-hectare yield of 27.9 quintals. Hai Hung, meanwhile, with a ricegrowing area of 235,200 hectares, produced 777,800 tons of paddy, for an average per-hectare yield of 33 quintals. That same year Hanoi also produced only 61,400 tons in paddy equivalents of subsidiary food crops on 32,300 hectares of cultivated land, while Hai Hung, with only 43,200 hectares under cultivation (less than 1.4 times as much), produced 122,400 tons in paddy equivalents of subsidiary food crops. One of the reasons for the above inequalities is that only 161,400 people of Hai Hung, 7 percent of its total population of 2,305,300, are urban, and 93 percent, 2,143,900 people, are rural people. Yet another reason is that peasant children who are students also help the family out in the fields and with livestock. Conditions in Hanoi are different, for only 1,304,100, or 47 percent of the total population, are farmers, and 1,470,600 non-farmers account for 53 percent of the population; 93 percent of the total population of Hai Hung work in agriculture.

Hanoi must therefore act according to its own nature and special characteristics. What to produce, how to do it, when, and where (in wards, districts, subwards, families, enterprises, cooperatives, etc) are all problems to discuss in other research projects; we cannot give the subject complete

treatment within the confines of this small article. The only point here is that the time has come for us to use the capabilities of students in Hanoi. Non-study time should not be left vacant; all the time that is left should be utilized in the production of more material commodities. By adeptly arranging, for the force of 600,000 students mentioned above, such easily learned and easily done work as embroidery, lacework, weaving, making mats of corn-silk and rushes, making bamboo-splint hats, making paper boxes, sewing, gluing boxes, and printing labels, we can contribute to the production of many material commodities for society. The recent efforts of Dong Vinh Cooperative, in Dong Da Ward, and Dong Tien Cooperative, in Ba Dinh Ward, to arrange for school children of cadres to work at reeling wool and the effort of Ba Dinh Association of Cooperatives to coordinate with the Association of Artisan Sectors in starting the manufacture of reed mats are all things that deserve our study. The Ministry of Agriculture, the Vietnam Beekeeping Association, and the Central Bee Corporation, located in Hanoi, can provide guidance on ways to collect pollen, particularly during this summer season. Since 1955, the Soviet Union's institute of scientific research on vitamins has involved students in the collection of pollen. Students, teenager unit members, and Communist Youth Group members enthusiastically responded to the appeal. Experience has shown that pollen can be collected in the same way as medicinal plants--the branches of plants that bear blossoms, such as corn blossoms or other blossoms, are shaken on a clean paper, or they can first be put in a sturdy cardboard box and then shaken. Pollen is more precious than honey and is effective in the treatment of as many as 30 different illnesses. Hanoi and our entire country, a tropical country, has many blossoming plants, a natural resource of which we must make use.

How will Hanoi develop the above? Such organizations as the Education Service, Agricultural Service, Municipal Association of Small Industry and Handicrafts Cooperatives, Ho Chi Minh Communist Youth Group, and Municipal Women's Union, along with parents, researchers, scientists, specialists in education and politics should concentrate on resolving the issue. If successful, commodities of the society will increase and social evils decrease. It is an urgent matter that must be implemented, the sooner the better.

9830  
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TRANSPORTATION AND COMMUNICATIONS

BRIEFS

SRV-CSSR POSTAL ACCORD--Hanoi, 29 Sep (VNA)--An agreement on postal cooperation between Vietnam and Czechoslovakia was signed in Ho Chi Minh City on 27 September. Signatories were Le Duc Niem, deputy director of the General Post Department; and Ivan Laska, Czechoslovakia's vice-minister for telecommunications. While here, the Czechoslovak guests had working sessions with representatives of postal services in Hanoi, Haiphong and Ho Chi Minh City, and agreed with its Vietnamese counterparts to expand cooperation in postal transport and in telephone and telecommunications between Hanoi, Ho Chi Minh City and Prague. The delegation left Ho Chi Minh City for home on 27 September. [Text] [Hanoi VNA in English 1553 GMT 29 Sep 85]

CSO: 4200/14

POPULATION, CUSTOMS, AND CULTURE

CPVCC SECRETARIAT CALLS FOR MORE FAMILY PLANNING

OW261534 Hanoi VNA in English 1508 GMT 26 Sep 85

[Text] Hanoi, 26 Sep (VNA)--The Secretariat of the Central Committee of the Communist Party of Vietnam has issued an instruction on intensifying leadership in family planning aimed at reducing the population growth rate.

The instruction notes that the population growth rate in the whole of the country remains high: 2.3 percent which is a major impediment to the realisation of socioeconomic objectives.

The instruction stressed that the party and administrative levels must effect a vigorous upturn in leading the family planning campaign, simultaneously use all the necessary measures and mobilize the efforts of all services and mass organizations.

The ministries of education, and secondary vocational and higher education and the general department of job-training must include population and family planning education in the official curricula of the schools. The system of schools of the party, mass organizations and services, including the army, also have to make family planning a subject in the teaching programs.

The party and mass organizations in the Vietnam Fatherland Front of various levels must consider the education and mobilization for family planning one of their regular tasks.

Science organs must intensify their population studies to help in the working out of population policies of the party and state.

The instruction urged the public health service, from the ministry offices to the grassroots, to provide guidance in technical matters aimed at ensuring convenience and safety in the application of birth control measures.

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END